[Heather to set-up topic]

Attorney-Client Privilege

Attorney-Client Privilege

Attorney-Client Privilege

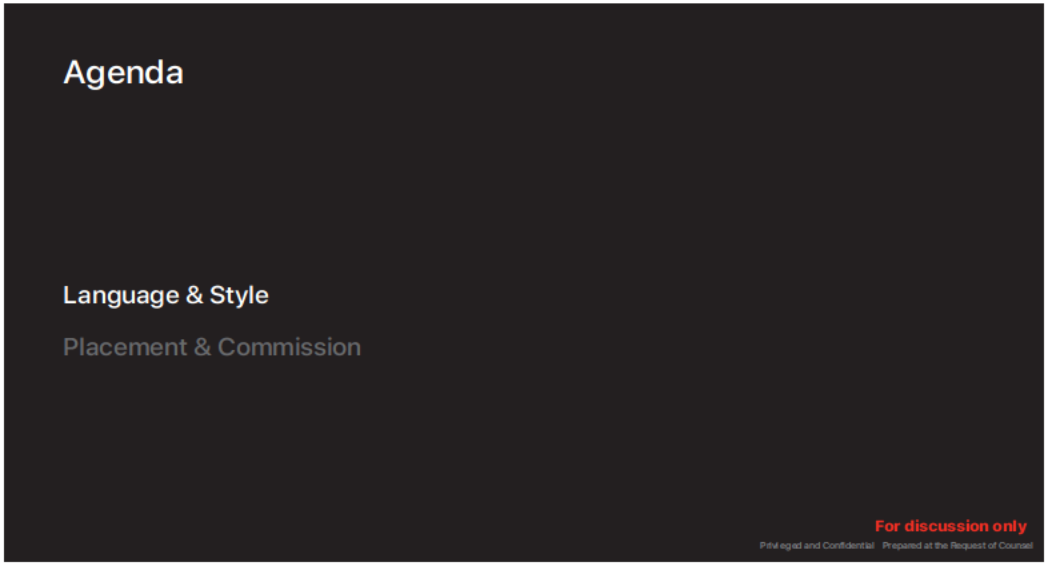
Attorney-Client Privilege

Attorney-Client Privilege

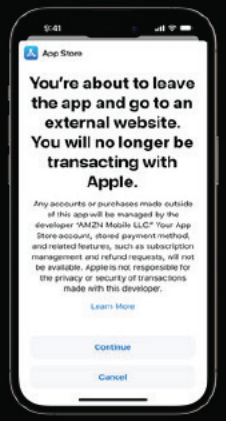
Attorney-Client Privilege

Attorney-Client Privilege

Attorney-Client Privilege


Agenda
Language & Style
Placement & Commission
For discussion only
Privileged and Confidential Prepared at the Request of Counsel

Solution Based on Reader App Entitlement



- Apple will set up an entitlement program for links out of the app to purchases on a developer's web site
- Clicking on a link will launch an interstitial
- Link must go to a web site owned or controlled by developer
- Link must open a new window in default browser, not in-app web view
- Link cannot pass additional parameters, must be statically defined

For discussion only

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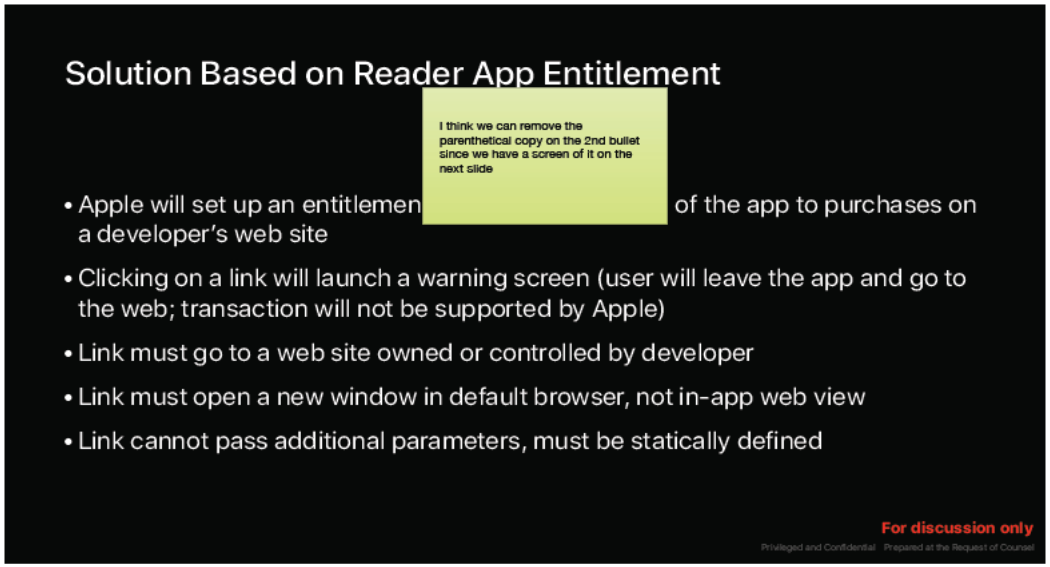
Solution Based on Reader App Entitlement
I think we can remove the parenthetical copy on the 2nd bullet since we have a screen of it on the next slide
• Apple will set up an entitlemen of the app to purchases on a developer's web site
• Clicking on a link will launch a warning screen (user will leave the app and go to the web; transaction will not be supported by Apple)
• Link must go to a web site owned or controlled by developer
• Link must open a new window in default browser, not in-app web view
• Link cannot pass additional parameters, must be statically defined
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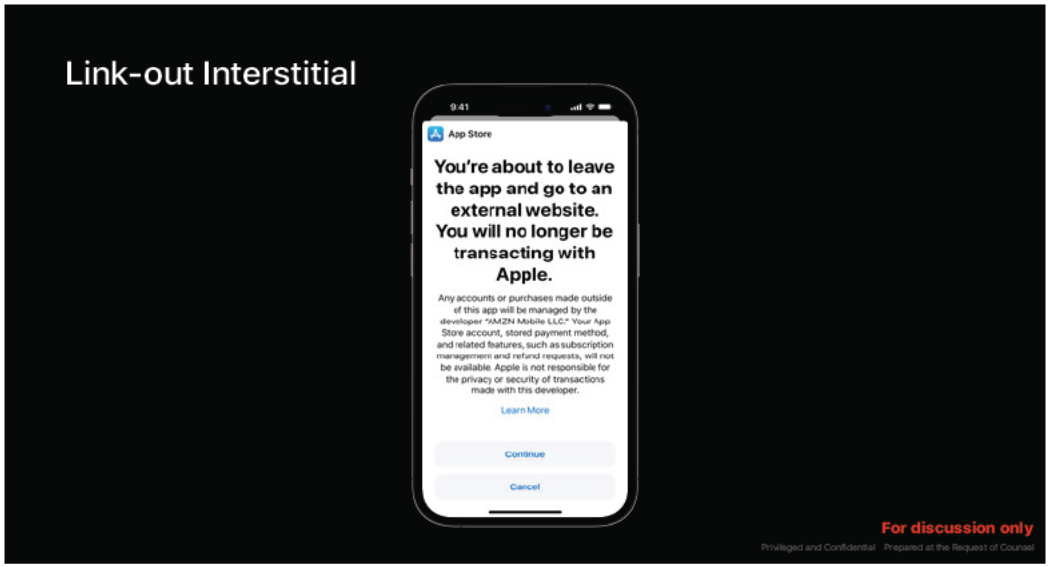
Link-out Interstitial
9:41
App Store
You're about to leave the app and go to an external website. You will no longer be transacting with Apple.
Any accounts or purchases made outside of this app will be managed by the developer "AMZN Mobile LLC." Your App Store account, stored payment method, and related features, such as subscription management and refund requests, will not be available. Apple is not responsible for the privacy or security of transactions made with this developer.
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[Sean]
Let's take a look at our proposed policies around language for both options.

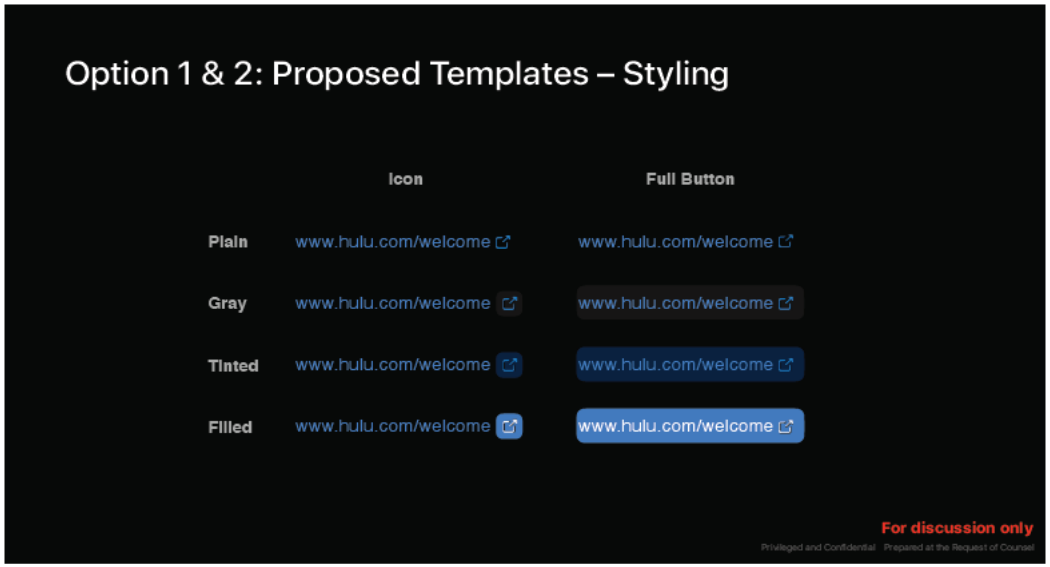
Developers would be able to choose from a range...

[Sean]
Let's take a look at our proposed policies around language for both options.

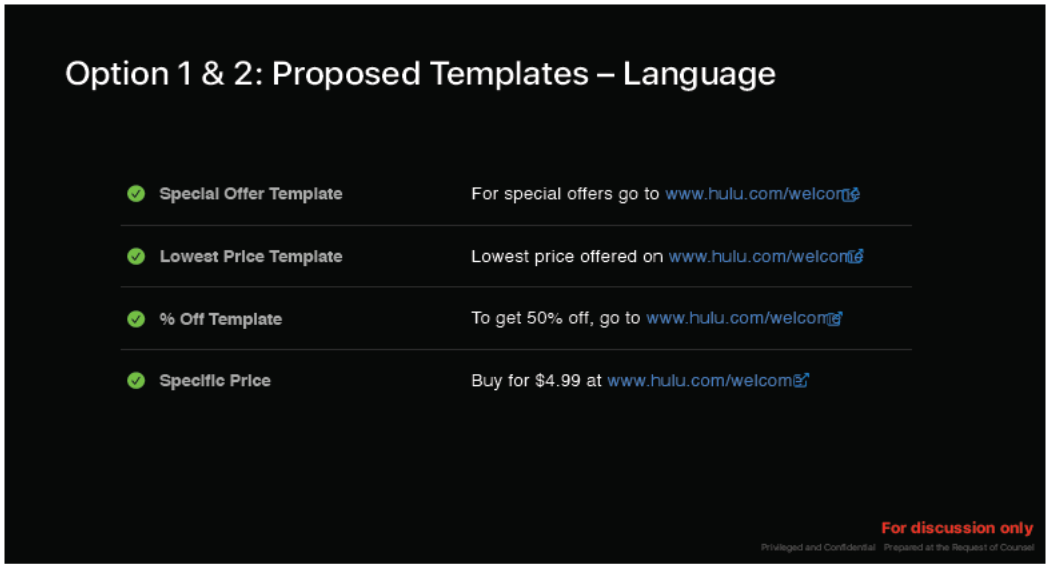
Developers would be able to choose from a range...

[Sean]
Let's take a look at our proposed policies around language for both options.

Developers would be able to choose from a range...

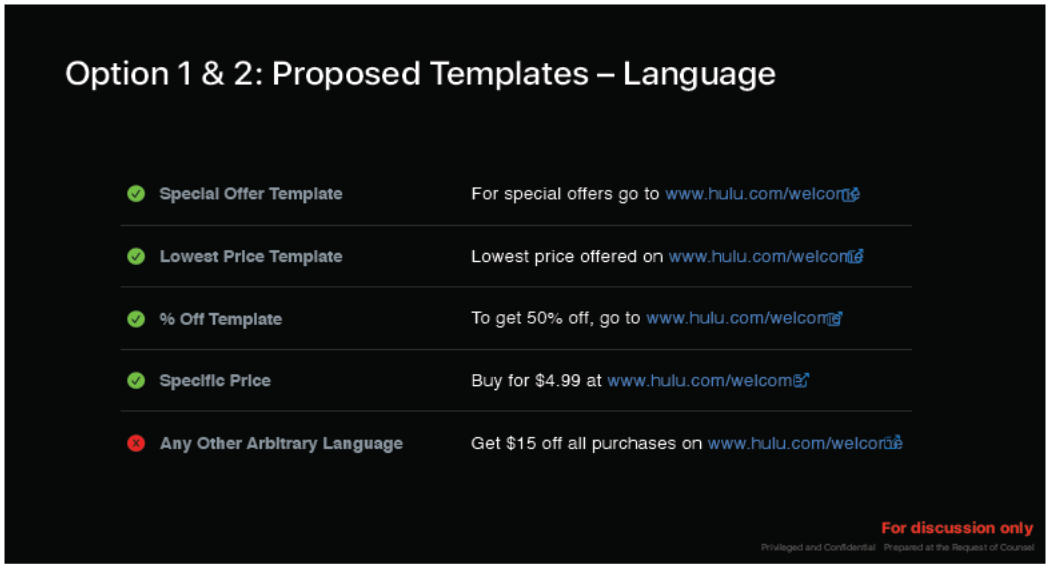


[Sean] Developers would be able to choose from a range...

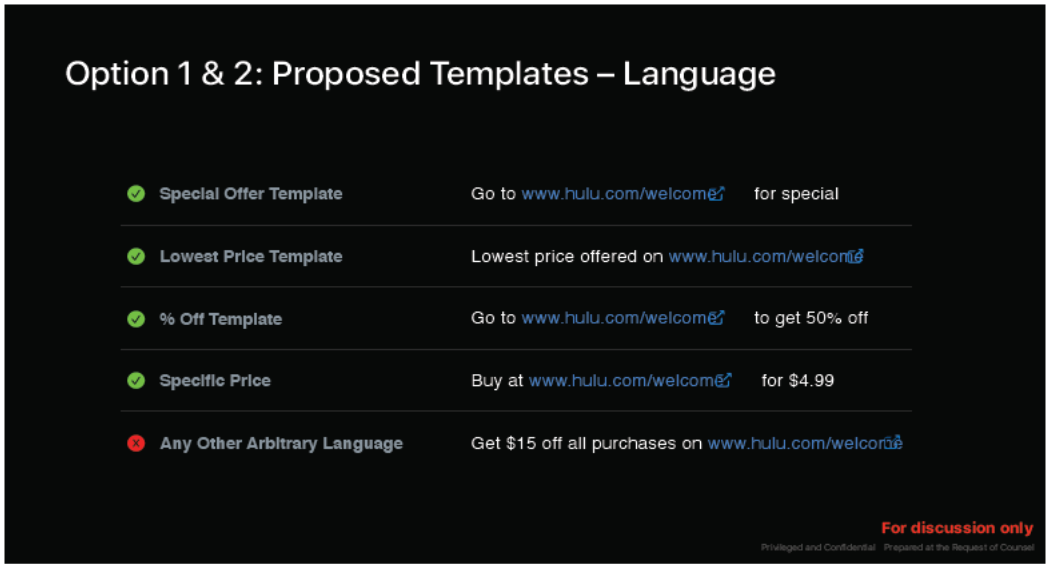


[Sean] Developers would be able to choose from a range...

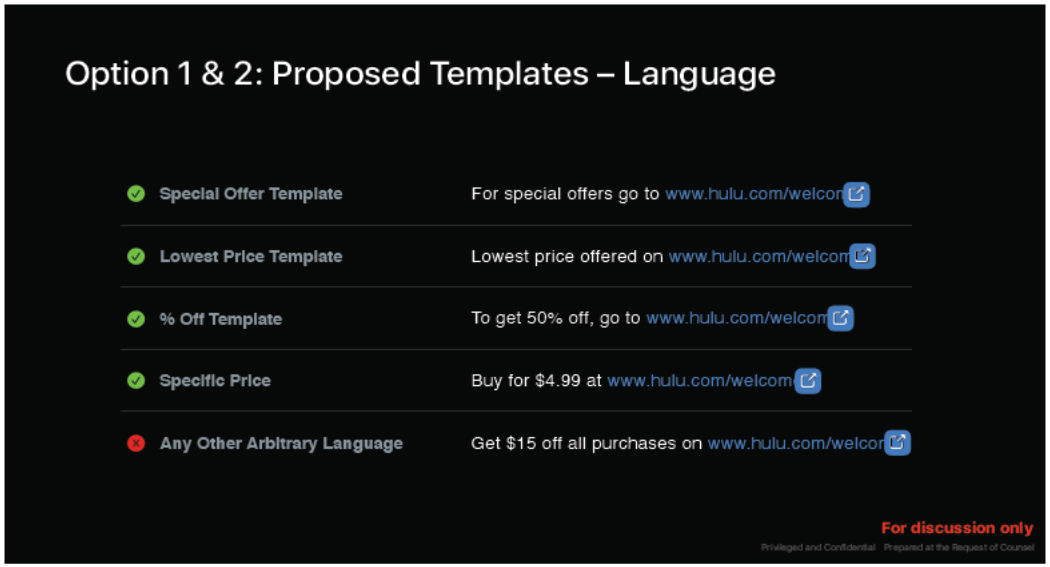
These templates are advisory. We will approve language that follows these templates. Developers can submit their own language, which will be evaluated by App Review.



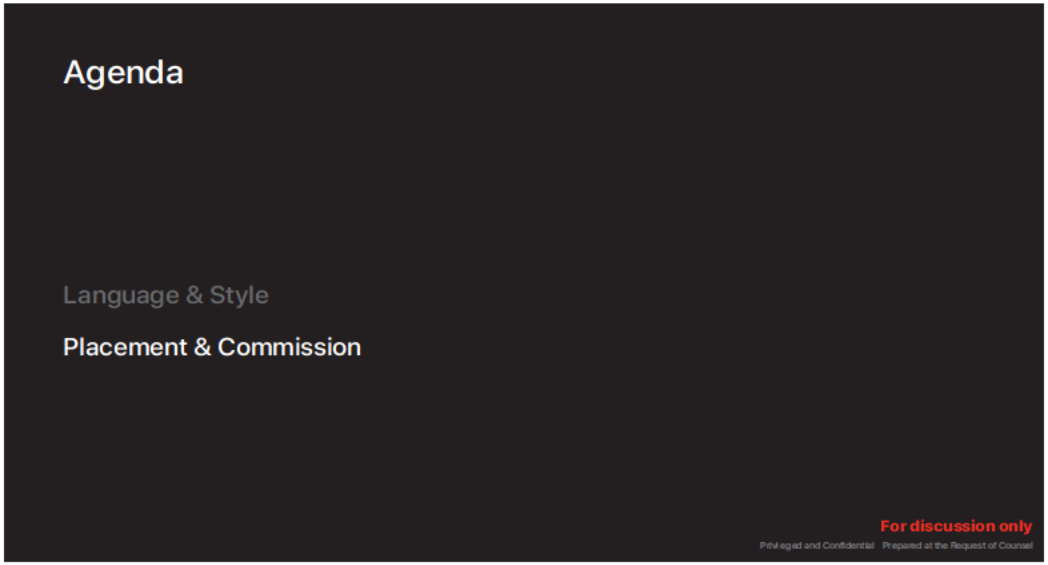
[Sean] Developers would be able to choose from a range...



[Sean] Here's the range of language developers could use...



[Sean] Developers would be able to choose from a range...


Agenda
Language & Style
Placement & Commission
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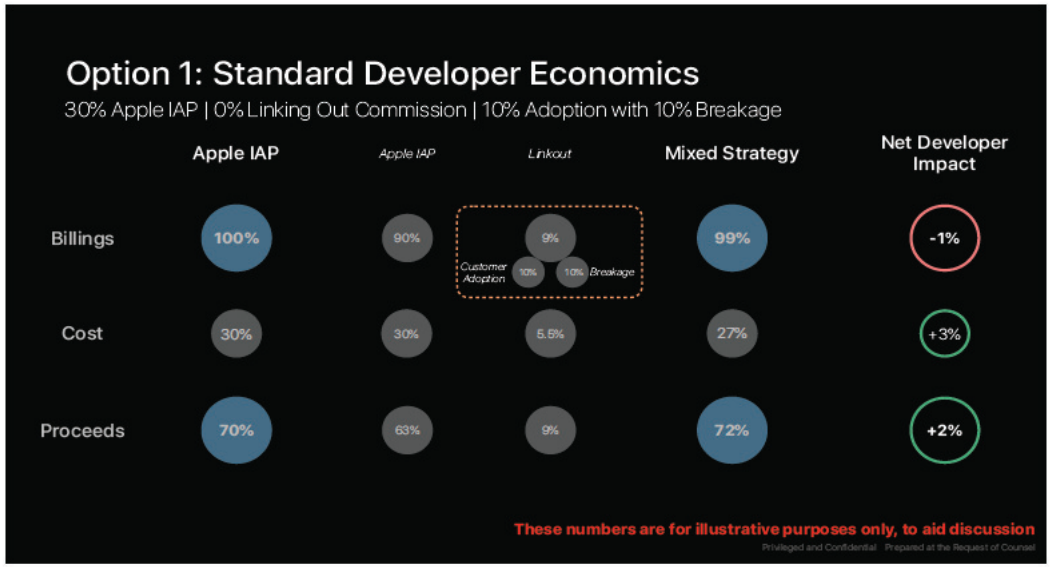


[Nate]
As a basic illustration, here is a view of the impact on revenue and cost for developers with linking-out now existing as an option. This scenarios shows a developer who pays 30% commission for Apple iAP, sees 10% link-out adoption, with then 10% of those customers dropping out during the buy flow process.

In this example, [click]

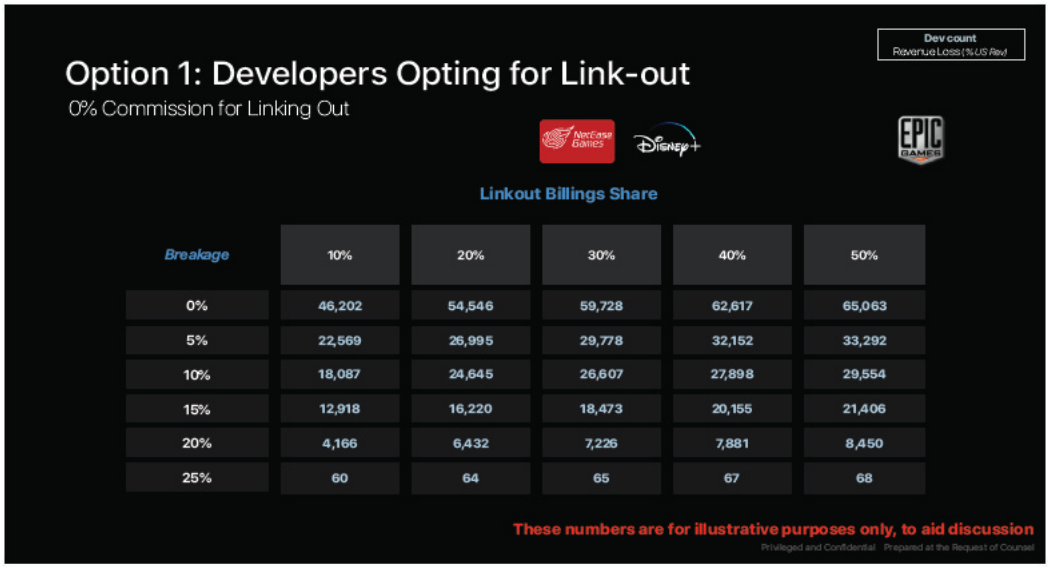
90% of billings go through Apple iAP and 10% linkout, but only 9% of purchases complete successfully due to a 10% breakage assumption. This results in 99% of status-quo billings being retained.

From a cost perspective, this developer pays the 30% commission on Apple iAP, while there is no Apple commission for linking-out; however, we're assuming a cost of 5.5% on the developer side to account for cost of payments and other servicing and infrastructure costs. The net developer cost here would be 27% vs. the 30% standard commission, which results in developers earning 72% of billings proceeds vs. the standard 70% they have typically earned.

In this case, the developer would adopt linking out.

Next, we'll get into the numbers...

[click]



Option 1: Developers Opting for Link-out

0% Commission for Linking Out

Dev count
Revenue Loss (% US Rev)

Linkout Billings Share

Breakage	10%	20%	30%	40%	50%
0%	46,202	54,546	59,728	62,617	65,063
5%	22,569	26,995	29,778	32,152	33,292
10%	18,087	24,645	26,607	27,898	29,554
15%	12,918	16,220	18,473	20,155	21,406
20%	4,166	6,432	7,226	7,881	8,450
25%	60	64	65	67	68

These numbers are for illustrative purposes only, to aid discussion

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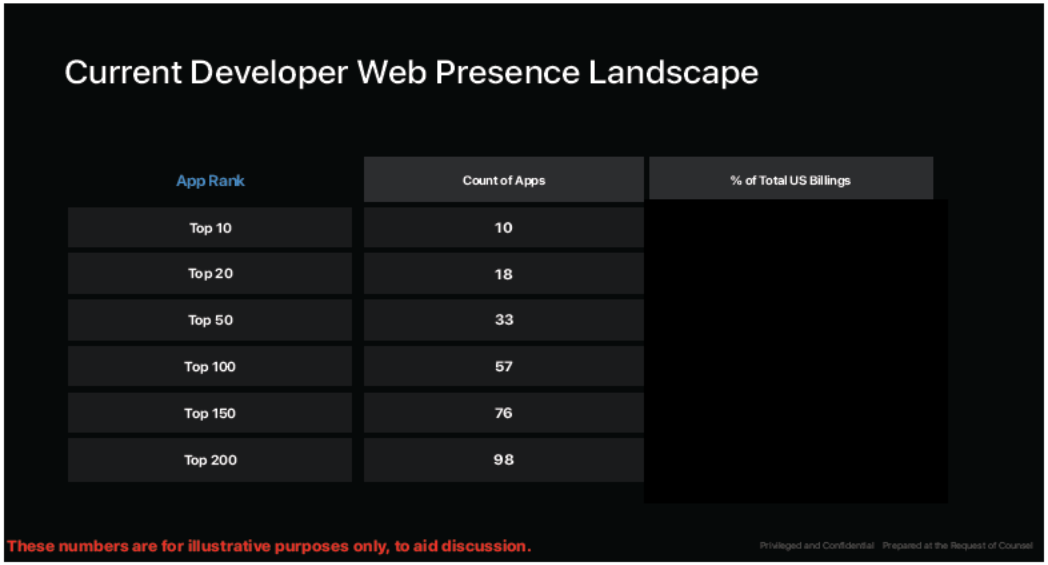
Removes Threshold of 100K indifference and Small developer ($1m billings annually)


Current Developer Web Presence Landscape
App Rank
Count of Apps
% of Total US Billings
Top 10
10
Top 20
18
Top 50
33
Top 100
57
Top 150
76
Top 200
98
These numbers are for illustrative purposes only, to aid discussion.
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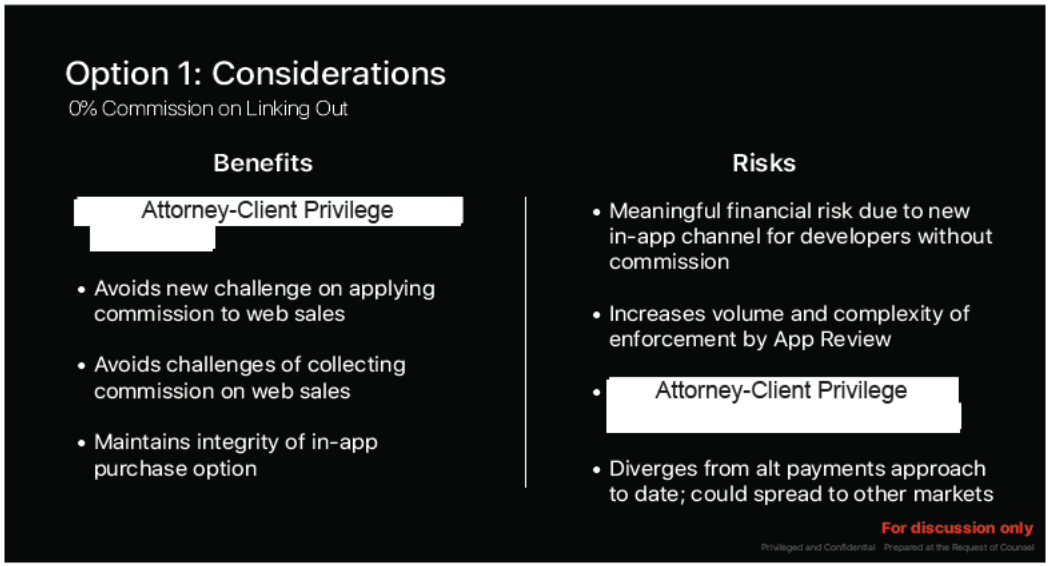
Option 1: Considerations
0% Commission on Linking Out
Benefits
Attorney-Client Privilege
• Avoids new challenge on applying commission to web sales
• Avoids challenges of collecting commission on web sales
• Maintains integrity of in-app purchase option
Risks
• Meaningful financial risk due to new in-app channel for developers without commission
• Increases volume and complexity of enforcement by App Review
• Attorney-Client Privilege
• Diverges from alt payments approach to date; could spread to other markets
For discussion only
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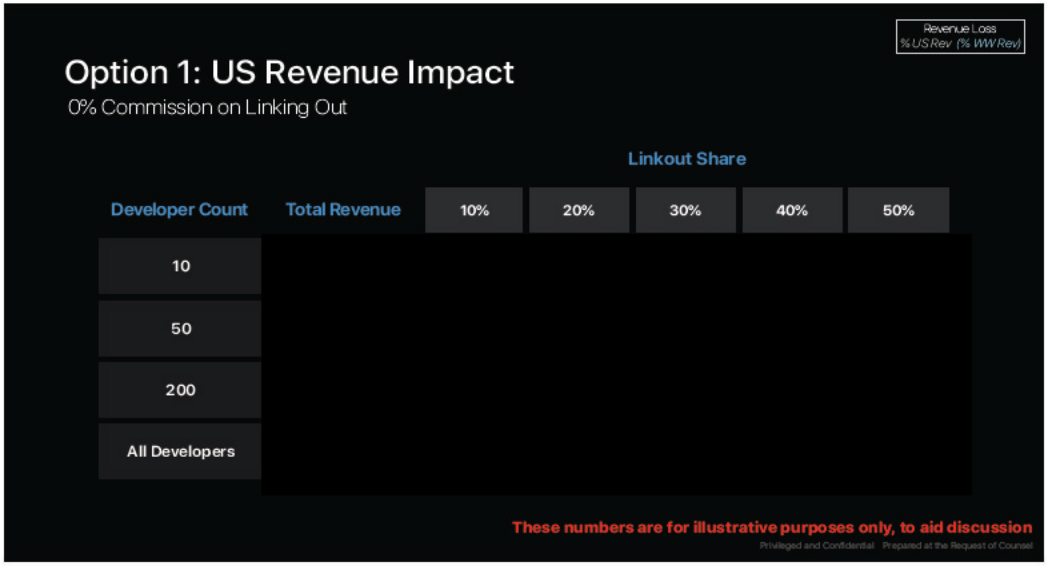
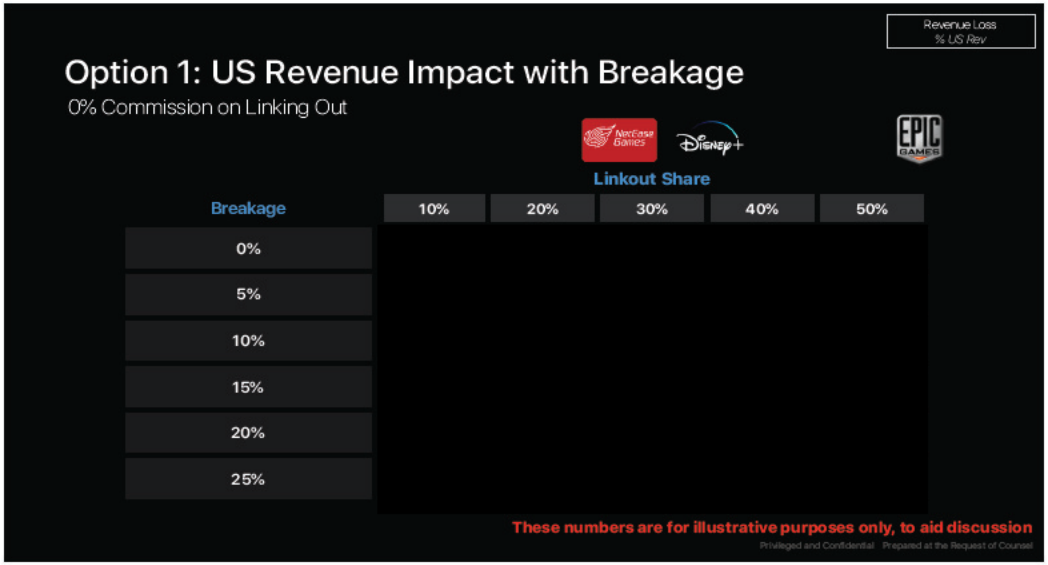
[Sean]



[Nate]
Tim - these are the slides Alex and I presented to you last time we met on this topic. This was a general sensitivity chart that showed what the revenue impact would be simply based on count of developers adopting link-out and % of revenue shifting to linking-out.

We know it's very likely that when a link-out happens, there will be some breakage, meaning customer dropping off during the buy-flow process due to a less seamless experience compared to Apple's iAP, and so we wanted to show you another view that takes this factor into account.

Click



[Nate]
We have run various sensitivities through our developer economic decisioning model to forecast whether or not a developer will adopt linking out.

On the rows, this accounts for the revenue impact if breakage is 0% and all the way up to 25%. Beyond 25%, developers reach a tipping point where they lose more on linking out than they would make sticking with Apple iAP and the higher commission.

For the share of billings linking-out, we are showing sensitivities from 10% to 50%, which will depend where is the text and the language developers are allowed to use. We don't have great data points on what this will end up being, but we have a situations we've encountered to point to.

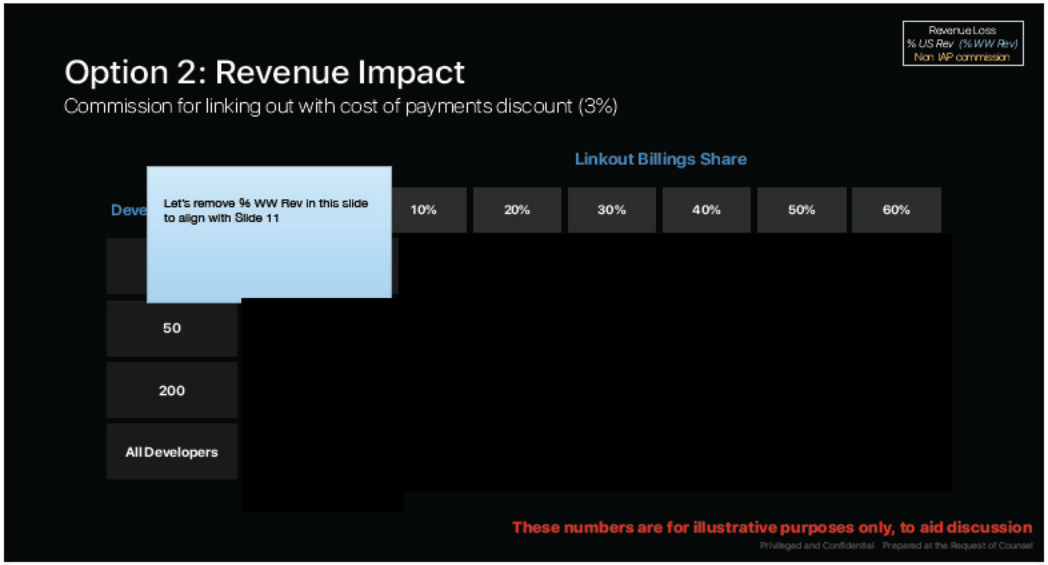
NetEase - has offered discounted pricing offered outside the App Store and has been targeting specific marketing to their high spend customers. Based on the analysis we did with Analytics, we believe about [redacted] of our billings have shifted to their webstore.

Disney+ - has offered a discounted bundle outside the App Store, with no App Store purchase option for bundle. We believe this has driven about [redacted] of Disney+ billings outside of the App Store.

And in the case for **Epic**, we saw about [redacted] of billings shift for the few weeks when they offered their own payment option and had discounted pricing.

The range of impact on the low end with 25% breakage and 10% billings shift (bottom left corner) is more negligible at [redacted] However on the other end with 0% breakage and 50% billings shift (top right corner), it's closer to [redacted] of U.S. revenue that Apple would lose. A more middle ground scenario of 10% breakage and 30% billings shift would result in [redacted] of revenue loss, nearly [redacted] of our U.S. App Store revenue.

Next, XX will recap the pros and cons of Option 1 with not charging a commission.


Revenue Loss
% US Rev (% WW Rev)
Non IAP commission
Option 2: Revenue Impact
Commission for linking out with cost of payments discount (3%)
Linkout Billings Share
Let's remove % WW Rev in this slide to align with Slide 11
10%
20%
30%
40%
50%
60%
50
200
All Developers
These numbers are for illustrative purposes only, to aid discussion
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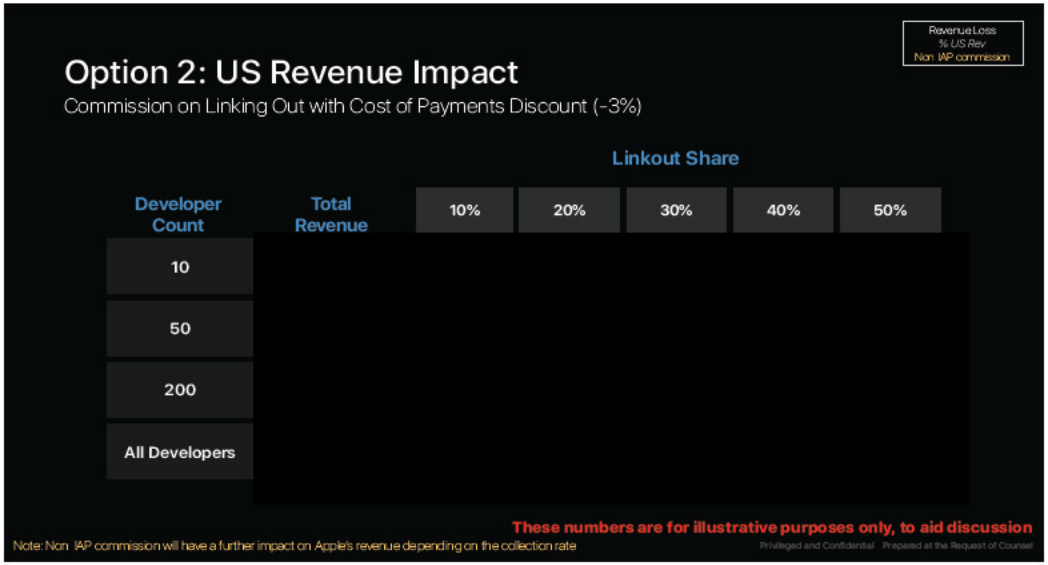
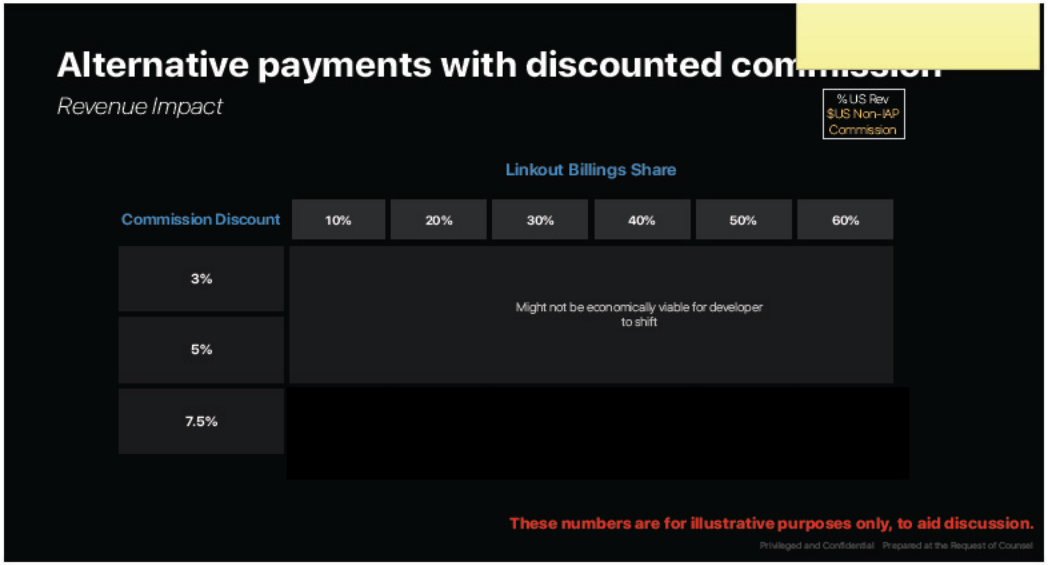


[Nate]
If we decided and had the ability to charge a commission, we believe there would be very little developer adoption of link-out, assuming a scenario where we would give a cost of payments discount at 3%.

We ran the commission option through our developer decisioning model as well but this will likely not make economic sense for the vast majority of developers with the 3% discount. However we know that the model is economic in nature and does not capture softer elements like customer relationship and developers ability to monetize in others way they don't today with a transaction going through linking-out, hence we did a sensitivity.....

We believe based on low developer count adoption and low billings share (top left corner), the revenue impact would be closer to zero, whereas if all developers adopted and there was 50% billings shift (bottom right), the revenue impact would be closer to [redacted]. Of course this all assumes we can actually collect the billings going through linking out, which as you can see in yellow, ranges from [redacted] in the top left to [redacted] in the bottom right. Any amount that we cannot collect will have a further impact on Apple's Revenue / Profitability.

From a margin perspective, the impact is essentially negligible since we don't have cost of payments


Alternative payments with discounted commission
Revenue Impact
% US Rev
$US Non-IAP
Commission
Linkout Billings Share
Commission Discount
10%
20%
30%
40%
50%
60%
3%
5%
7.5%
Might not be economically viable for developer to shift
These numbers are for illustrative purposes only, to aid discussion.
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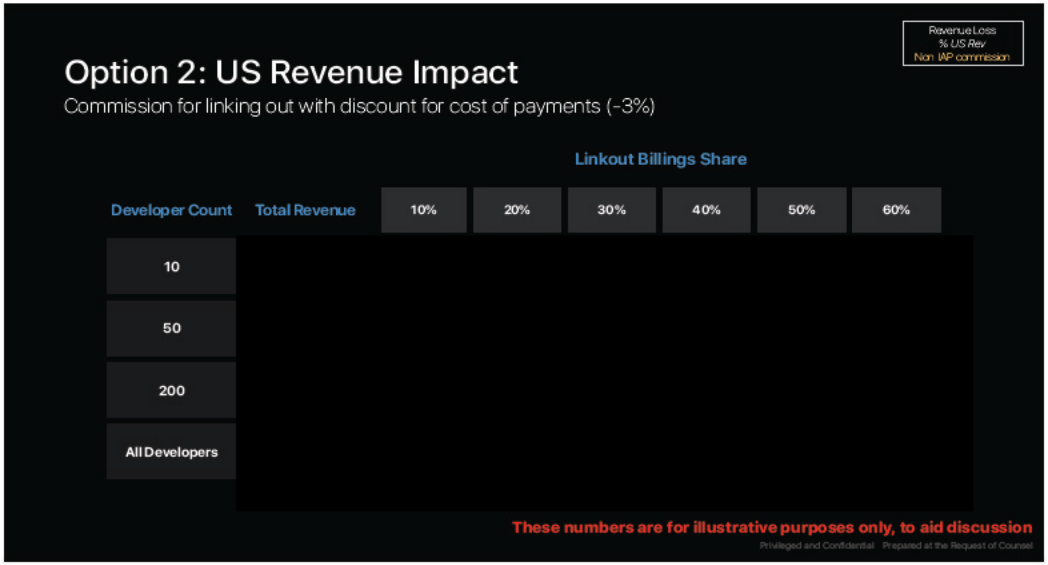
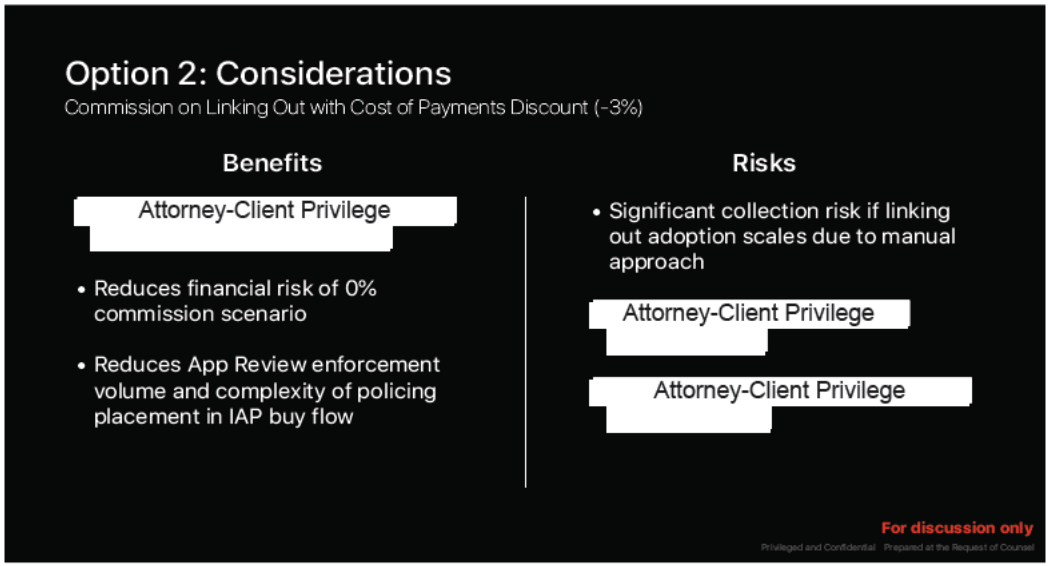
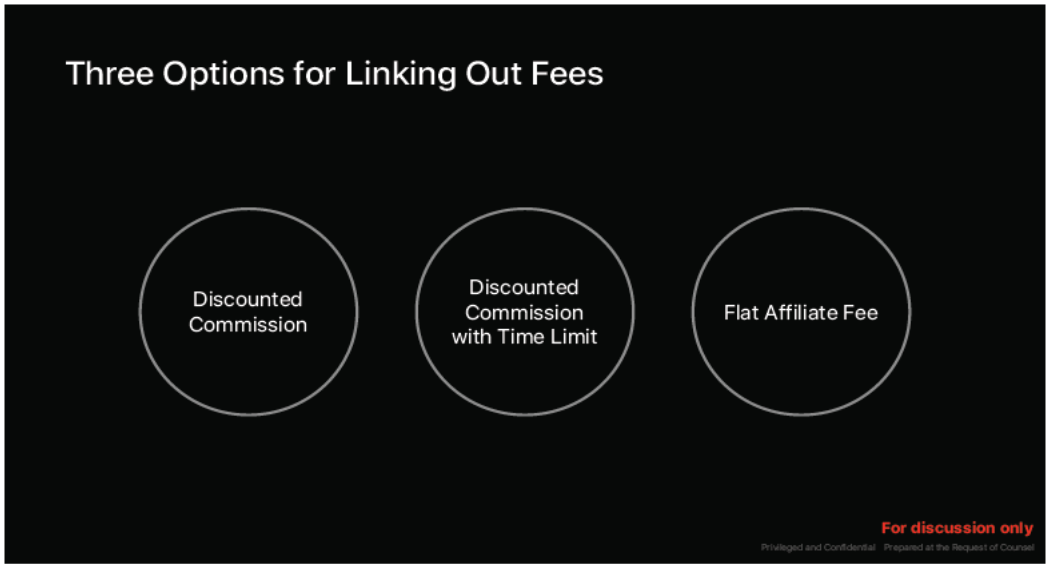


If we decided and had the ability to charge a commission, we believe there would be very little developer adoption of link-out, assuming a scenario where we would give a cost of payments discount at 3%.



[Sean or Jennifer]


Three Options for Linking Out Fees
Discounted Commission
Discounted Commission with Time Limit
Flat Affiliate Fee
For discussion only
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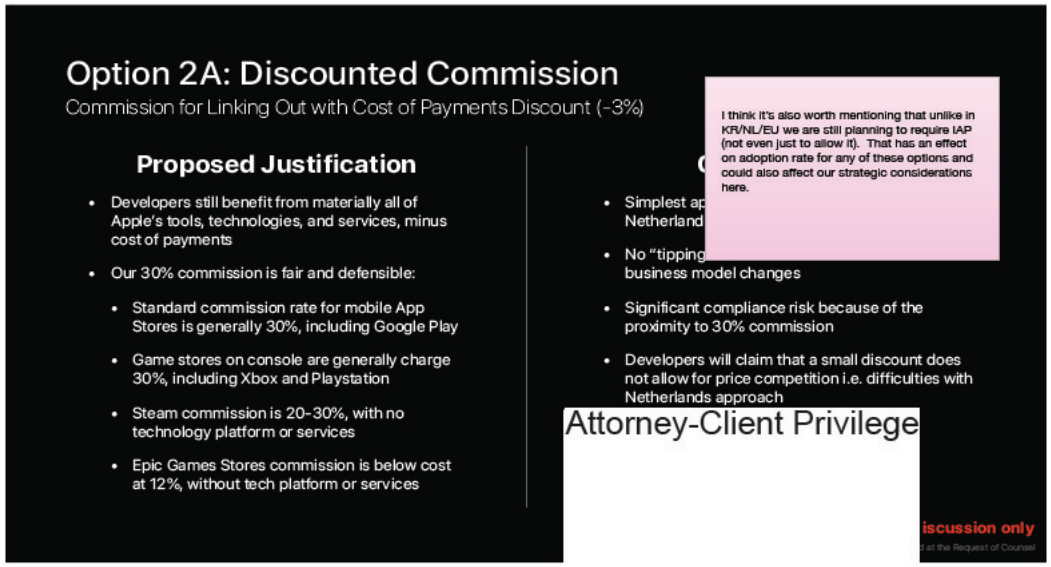
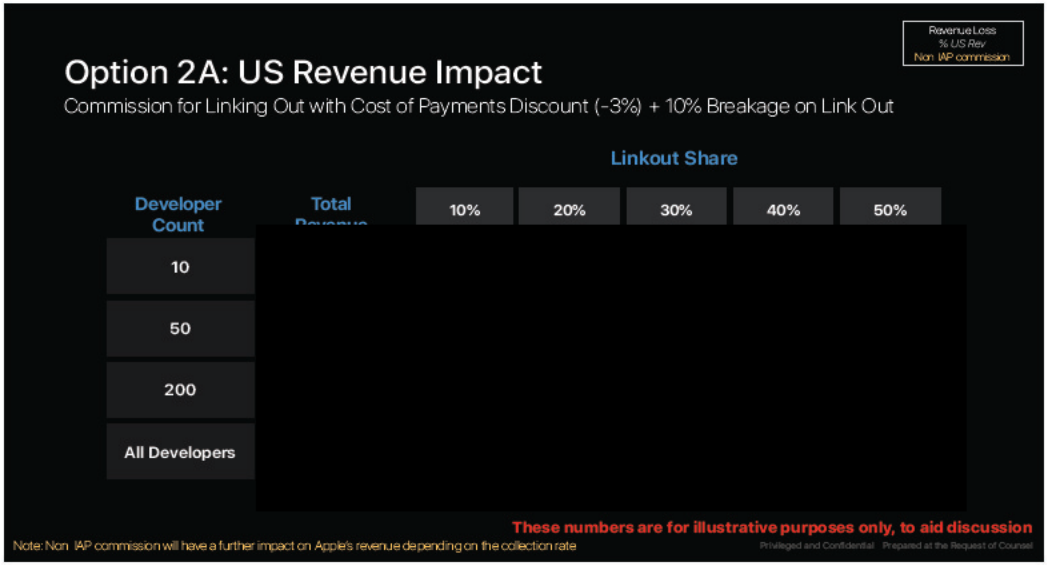

Option 2A: Discounted Commission
Commission for Linking Out with Cost of Payments Discount (-3%)
Proposed Justification
Developers still benefit from materially all of Apple's tools, technologies, and services, minus cost of payments
Our 30% commission is fair and defensible:
Standard commission rate for mobile App Stores is generally 30%, including Google Play
Game stores on console are generally charge 30%, including Xbox and Playstation
Steam commission is 20-30%, with no technology platform or services
Epic Games Stores commission is below cost at 12%, without tech platform or services
I think it's also worth mentioning that unlike in KR/NL/EU we are still planning to require IAP (not even just to allow it). That has an effect on adoption rate for any of these options and could also affect our strategic considerations here.
Simplest ap
Netherland
No "tipping
business model changes
Significant compliance risk because of the proximity to 30% commission
Developers will claim that a small discount does not allow for price competition i.e. difficulties with Netherlands approach
Attorney-Client Privilege
iscussion only


Revenue Loss
% US Rev
Non IAP commission
Option 2A: US Revenue Impact
Commission for Linking Out with Cost of Payments Discount (-3%) + 10% Breakage on Link Out
Linkout Share
Developer Count
Total
10%
20%
30%
40%
50%
10
50
200
All Developers
These numbers are for illustrative purposes only, to aid discussion
Note: Non IAP commission will have a further impact on Apple's revenue depending on the collection rate
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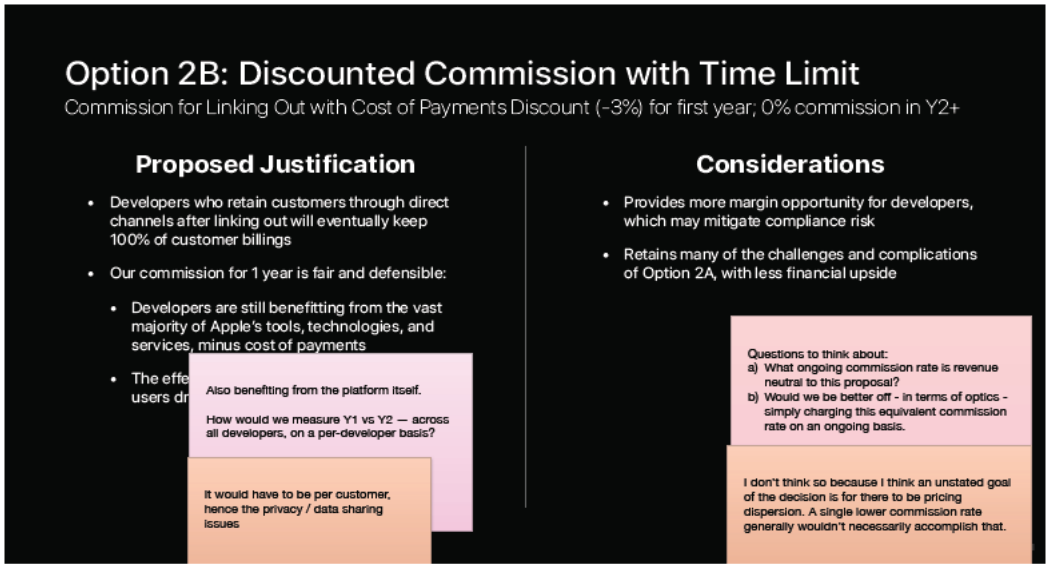
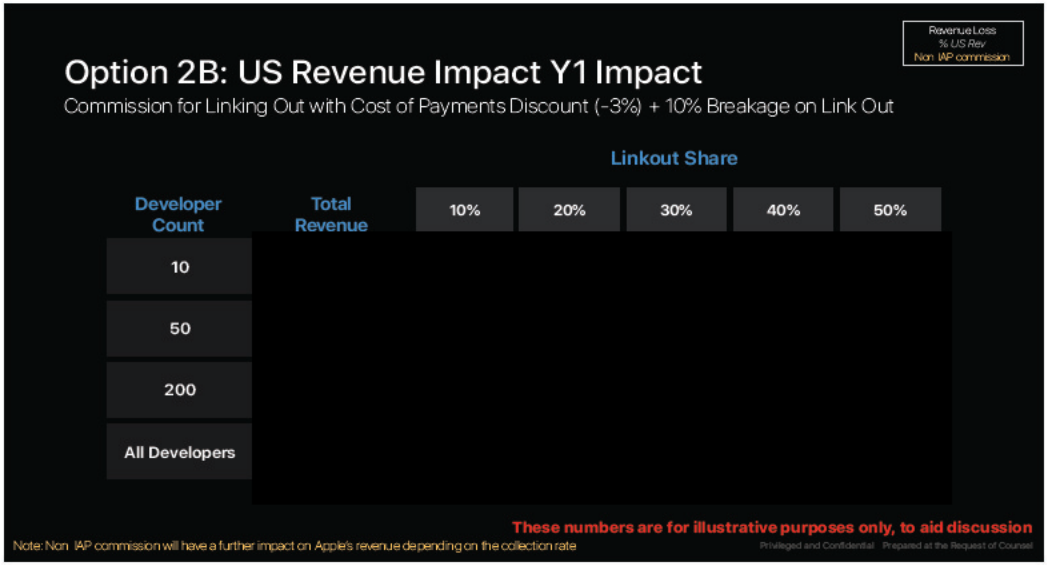
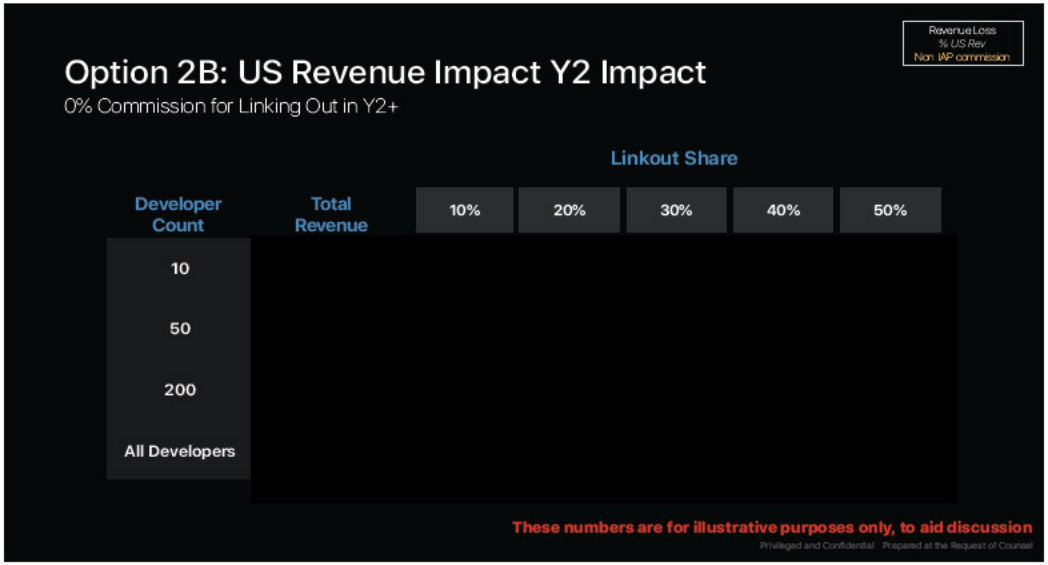
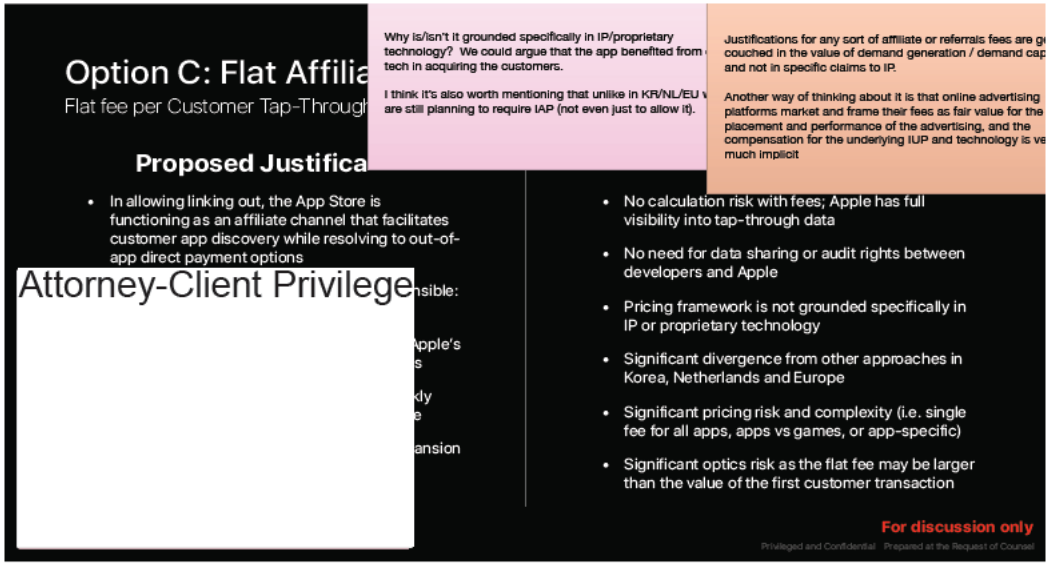
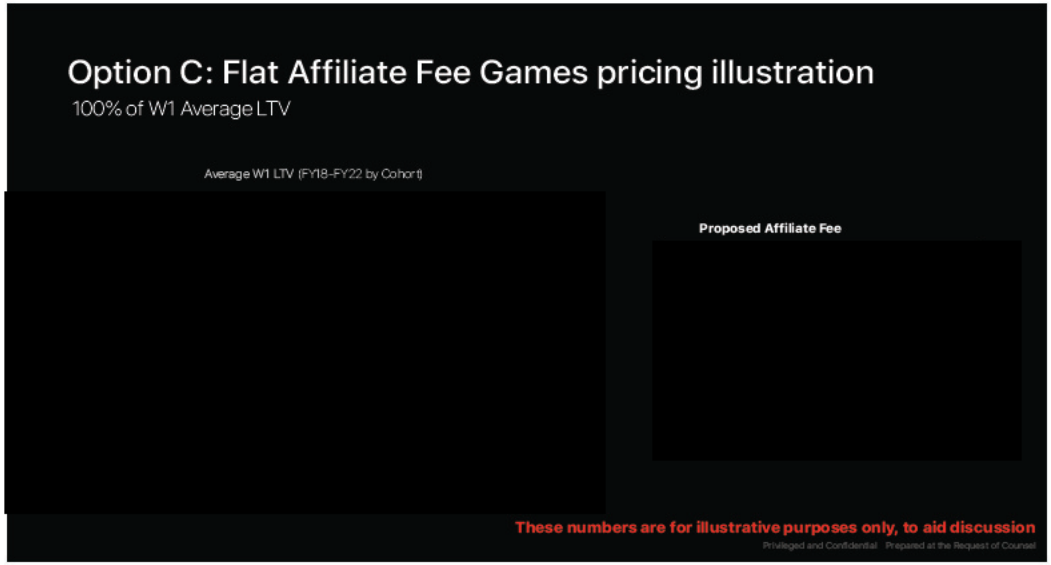
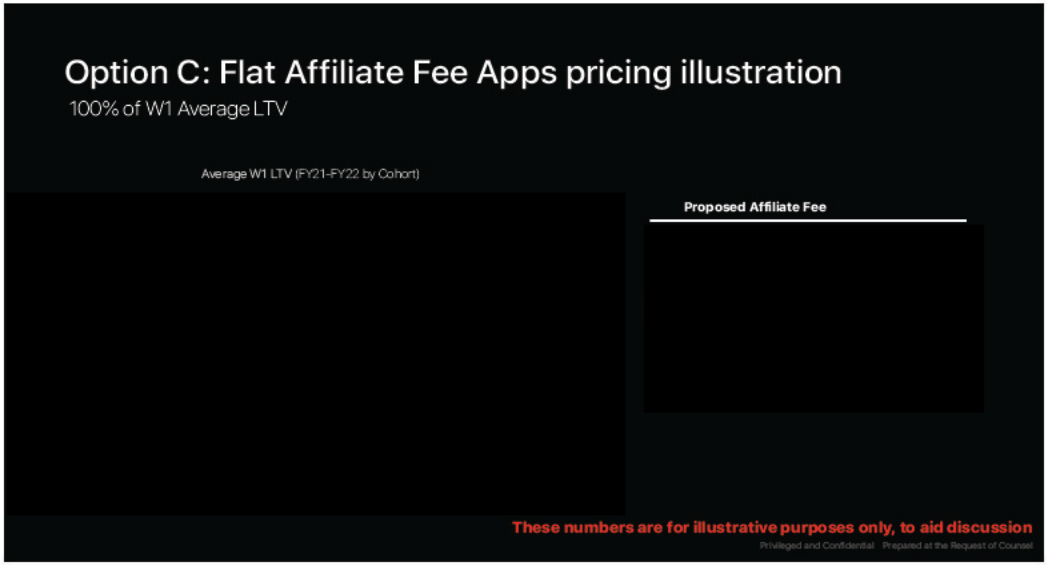

Option 2B: Discounted Commission with Time Limit
Commission for Linking Out with Cost of Payments Discount (-3%) for first year; 0% commission in Y2+
Proposed Justification
Developers who retain customers through direct channels after linking out will eventually keep 100% of customer billings
Our commission for 1 year is fair and defensible:
Developers are still benefitting from the vast majority of Apple's tools, technologies, and services, minus cost of payments
The effe
users dr
Also benefiting from the platform itself.
How would we measure Y1 vs Y2 — across all developers, on a per-developer basis?
It would have to be per customer, hence the privacy / data sharing issues
Considerations
Provides more margin opportunity for developers, which may mitigate compliance risk
Retains many of the challenges and complications of Option 2A, with less financial upside
Questions to think about:
a) What ongoing commission rate is revenue neutral to this proposal?
b) Would we be better off - in terms of optics - simply charging this equivalent commission rate on an ongoing basis.
I don't think so because I think an unstated goal of the decision is for there to be pricing dispersion. A single lower commission rate generally wouldn't necessarily accomplish that.

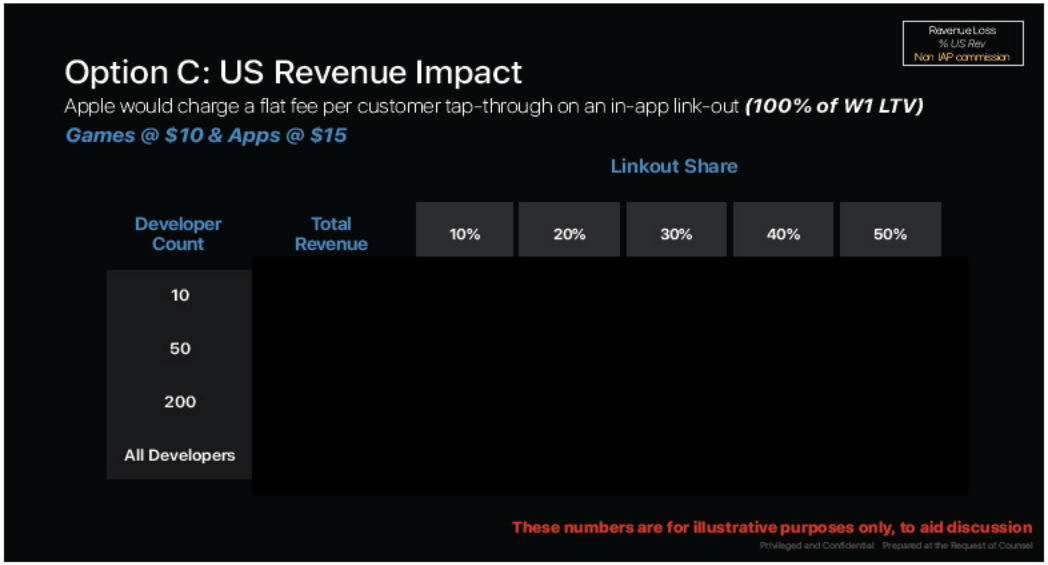

Revenue Loss
% US Rev
Non IAP commission
Option 2B: US Revenue Impact Y1 Impact
Commission for Linking Out with Cost of Payments Discount (-3%) + 10% Breakage on Link Out
Linkout Share
Developer Count
Total Revenue
10%
20%
30%
40%
50%
10
50
200
All Developers
These numbers are for illustrative purposes only, to aid discussion
Note: Non IAP commission will have a further impact on Apple's revenue depending on the collection rate
Privileged and Confidential Prepared at the Request of Counsel

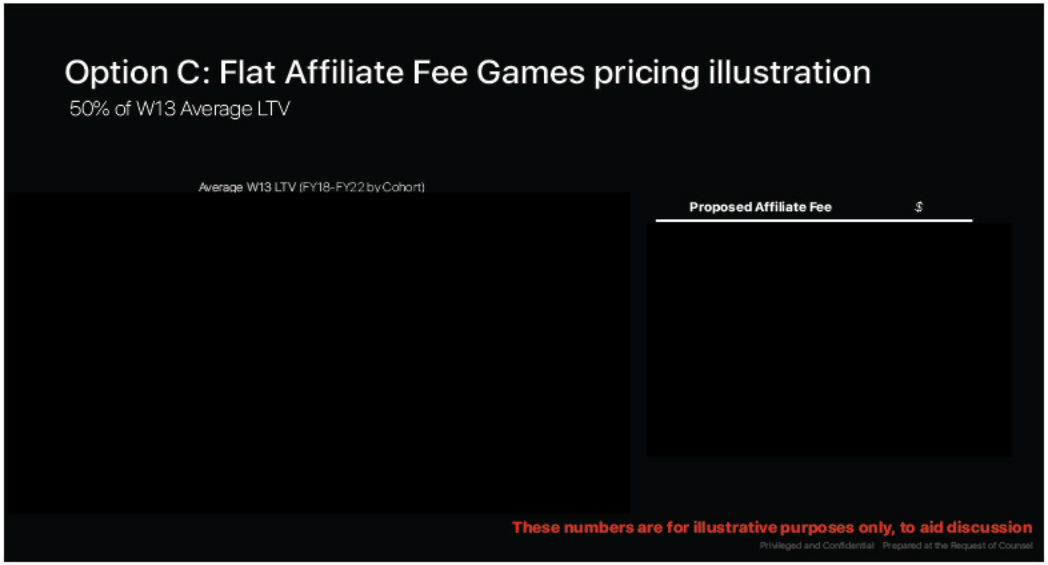

Revenue Loss
% US Rev
Non IAP commission
Option 2B: US Revenue Impact Y2 Impact
0% Commission for Linking Out in Y2+
Linkout Share
Developer Count
Total Revenue
10%
20%
30%
40%
50%
10
50
200
All Developers
These numbers are for illustrative purposes only, to aid discussion
Privileged and Confidential Prepared at the Request of Counsel

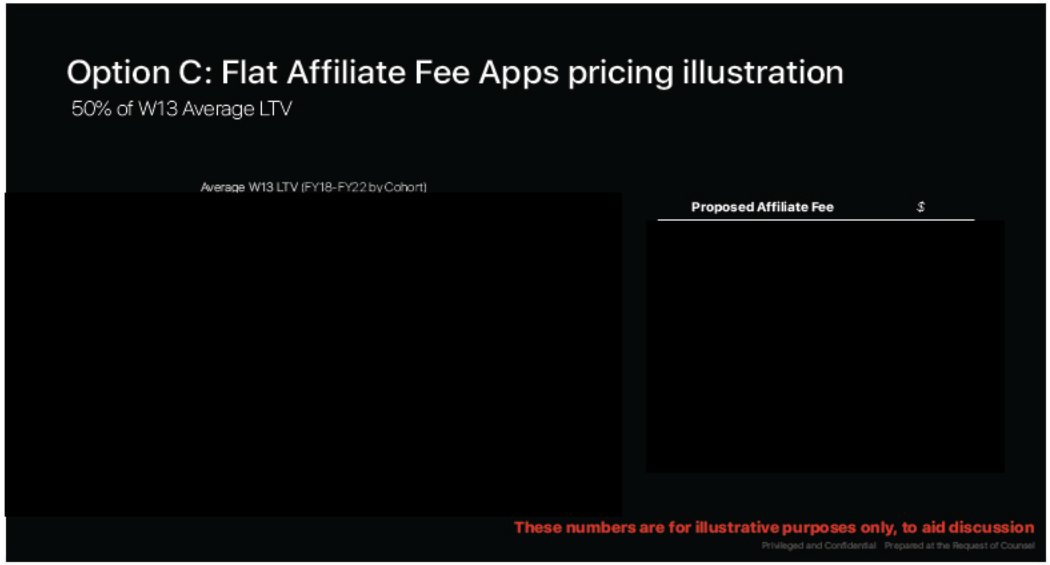

Option C: Flat Affilia
Flat fee per Customer Tap-Through
Proposed Justifica
In allowing linking out, the App Store is functioning as an affiliate channel that facilitates customer app discovery while resolving to out-of-app direct payment options
Attorney-Client Privilege
nsible:
Apple's
kly
ansion
Why is/isn't it grounded specifically in IP/proprietary technology? We could argue that the app benefited from tech in acquiring the customers.
I think it's also worth mentioning that unlike in KR/NL/EU are still planning to require IAP (not even just to allow it).
Justifications for any sort of affiliate or referrals fees are g couched in the value of demand generation / demand cap and not in specific claims to IP.
Another way of thinking about it is that online advertising platforms market and frame their fees as fair value for the placement and performance of the advertising, and the compensation for the underlying IUP and technology is ve much implicit
No calculation risk with fees; Apple has full visibility into tap-through data
No need for data sharing or audit rights between developers and Apple
Pricing framework is not grounded specifically in IP or proprietary technology
Significant divergence from other approaches in Korea, Netherlands and Europe
Significant pricing risk and complexity (i.e. single fee for all apps, apps vs games, or app-specific)
Significant optics risk as the flat fee may be larger than the value of the first customer transaction
For discussion only
Privileged and Confidential Prepared at the Request of Counsel

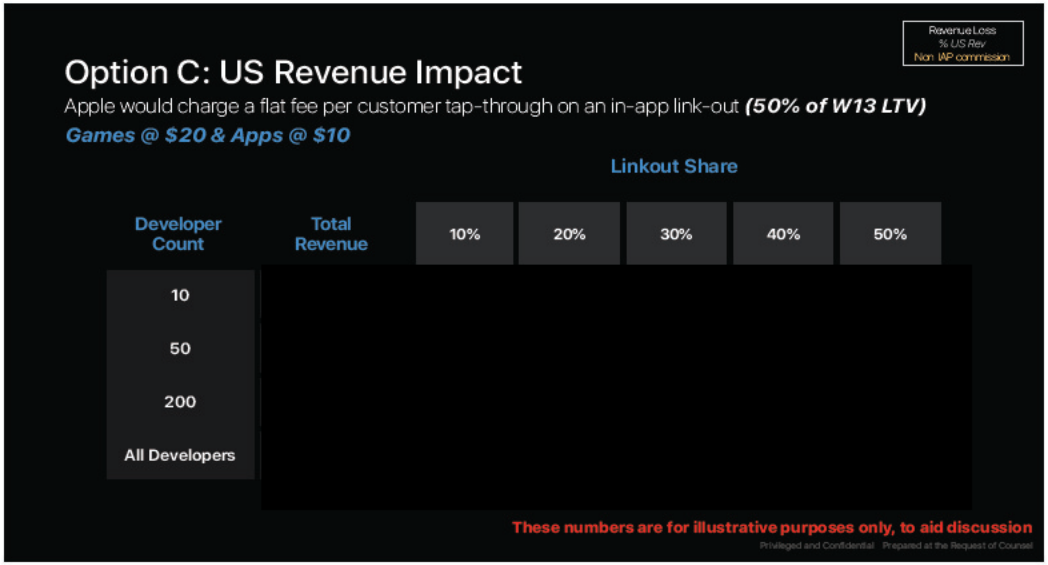

Option C: Flat Affiliate Fee Games pricing illustration
100% of W1 Average LTV
Average W1 LTV (FY18-FY22 by Cohort)
Proposed Affiliate Fee
These numbers are for illustrative purposes only, to aid discussion
Privileged and Confidential Prepared at the Request of Counsel

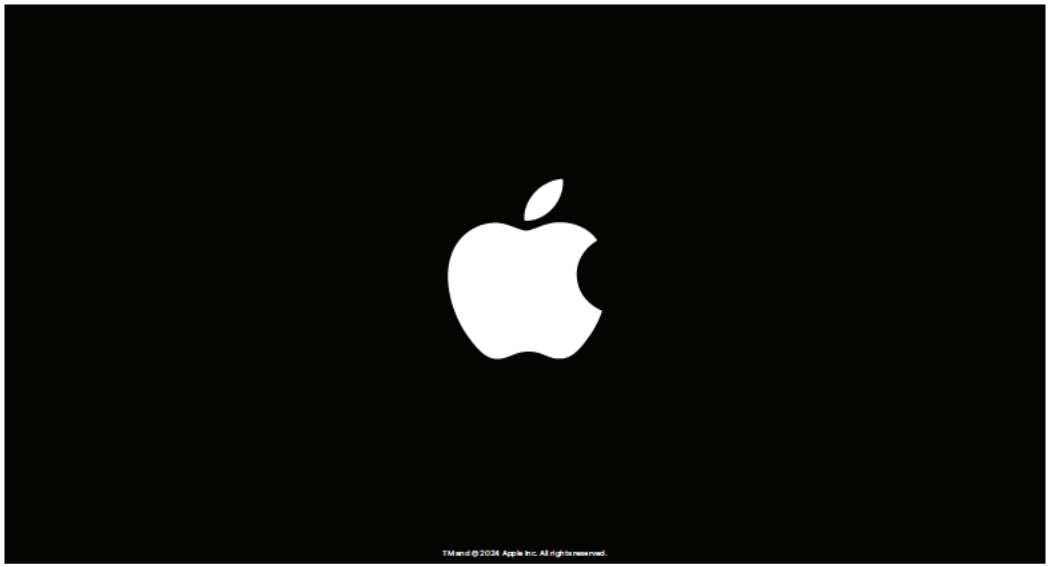

Option C: Flat Affiliate Fee Apps pricing illustration
100% of W1 Average LTV
Average W1 LTV (FY21-FY22 by Cohort)
Proposed Affiliate Fee
These numbers are for illustrative purposes only, to aid discussion
Privileged and Confidential Prepared at the Request of Counsel


Revenue Loss
% US Rev
Non IAP commission
Option C: US Revenue Impact
Apple would charge a flat fee per customer tap-through on an in-app link-out (100% of W1 LTV)
Games @ $10 & Apps @ $15
Linkout Share
Developer Count
Total Revenue
10%
20%
30%
40%
50%
10
50
200
All Developers
These numbers are for illustrative purposes only, to aid discussion
Privileged and Confidential Prepared at the Request of Counsel


Option C: Flat Affiliate Fee Games pricing illustration
50% of W13 Average LTV
Average W13 LTV (FY18-FY22 by Cohort)
Proposed Affiliate Fee
$
These numbers are for illustrative purposes only, to aid discussion
Privileged and Confidential Prepared at the Request of Counsel


Option C: Flat Affiliate Fee Apps pricing illustration
50% of W13 Average LTV
Average W13 LTV (FY18-FY22 by Cohort)
Proposed Affiliate Fee
$
These numbers are for illustrative purposes only, to aid discussion
Privileged and Confidential Prepared at the Request of Counsel

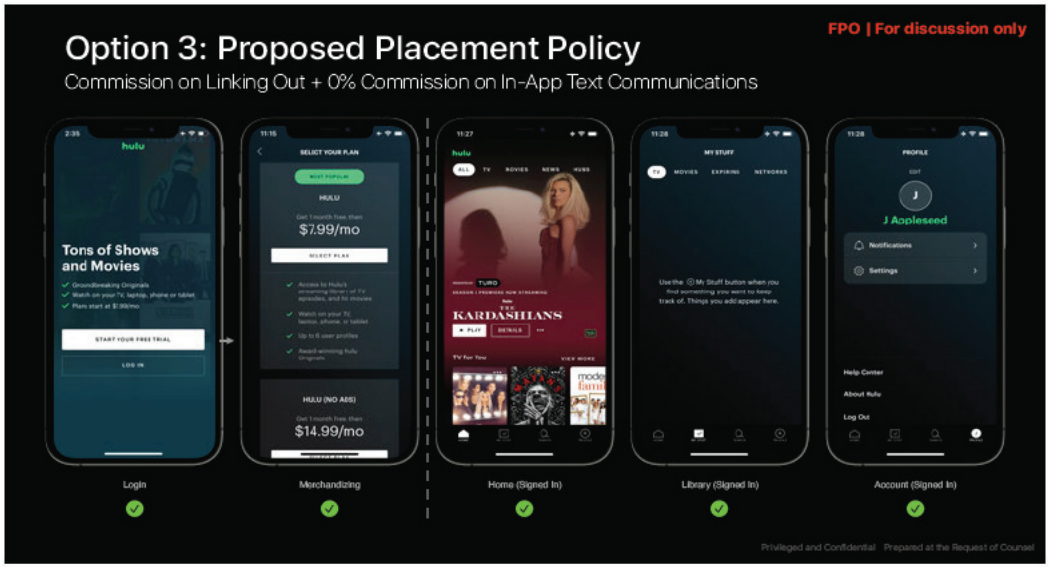

Revenue Loss
% US Rev
Non IAP commission
Option C: US Revenue Impact
Apple would charge a flat fee per customer tap-through on an in-app link-out (50% of W13 LTV)
Games @ $20 & Apps @ $10
Linkout Share
Developer Count
Total Revenue
10%
20%
30%
40%
50%
10
50
200
All Developers
These numbers are for illustrative purposes only, to aid discussion
Privileged and Confidential Prepared at the Request of Counsel


TM and © 2024 Apple Inc. All rights reserved.


Appendix
Apple Confidential Internal Use Only


Option 3
Apple Confidential Internal Use Only

Attorney-Client Privilege



[Sean] Here's are examples where links may be placed if we go with option 2.

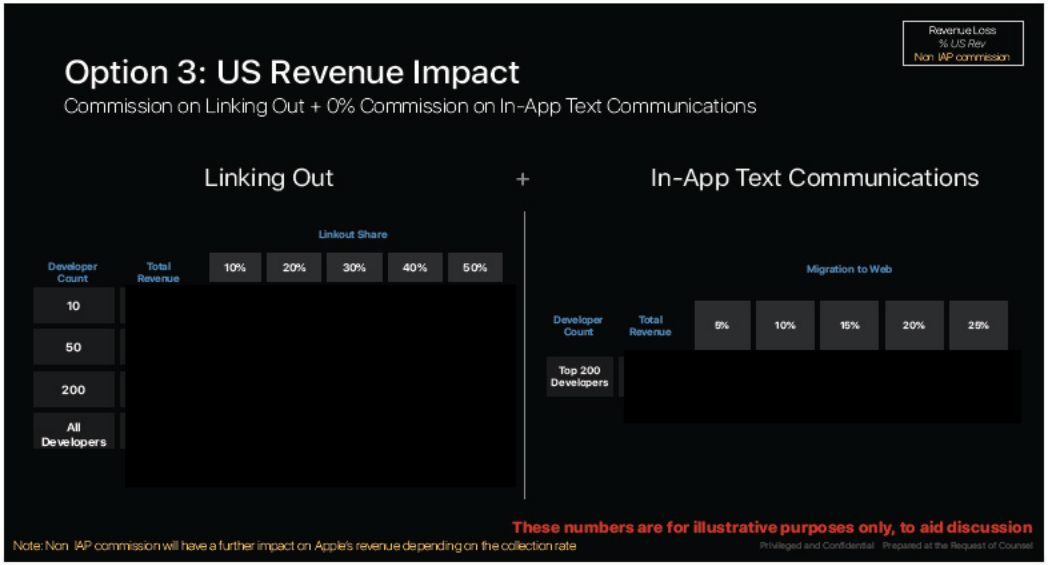
Again, we are only showing possible placements for the links. We are not showing the links in situation.

Since we are charging a commission, the link could be placed once per page, including alongside IAP.

[pause]

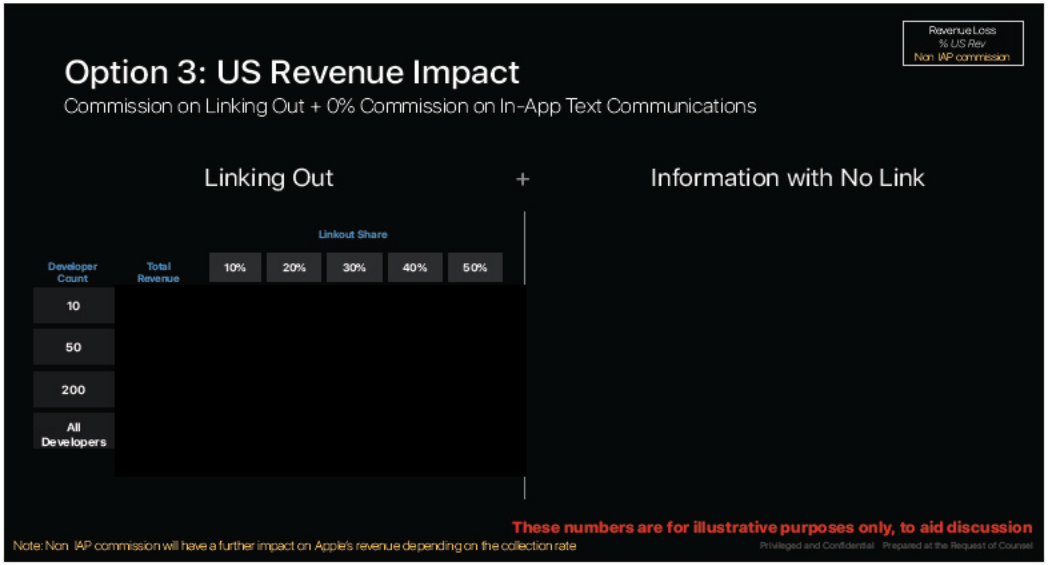
[Sean]
And here's the Two Dots game example.

Now let's turn to financials for option 2.
[Handoff to Nate]



[Nate]
The table on the left is the same as Option 2. What Option 3 introduces is the additional information allowed to be presented but without a link to customers as mentioned where we would not charge a commission.

On the right side, this shows the incremental impact that may happen as more customers might migrate to the web with this additional information being presented to them.

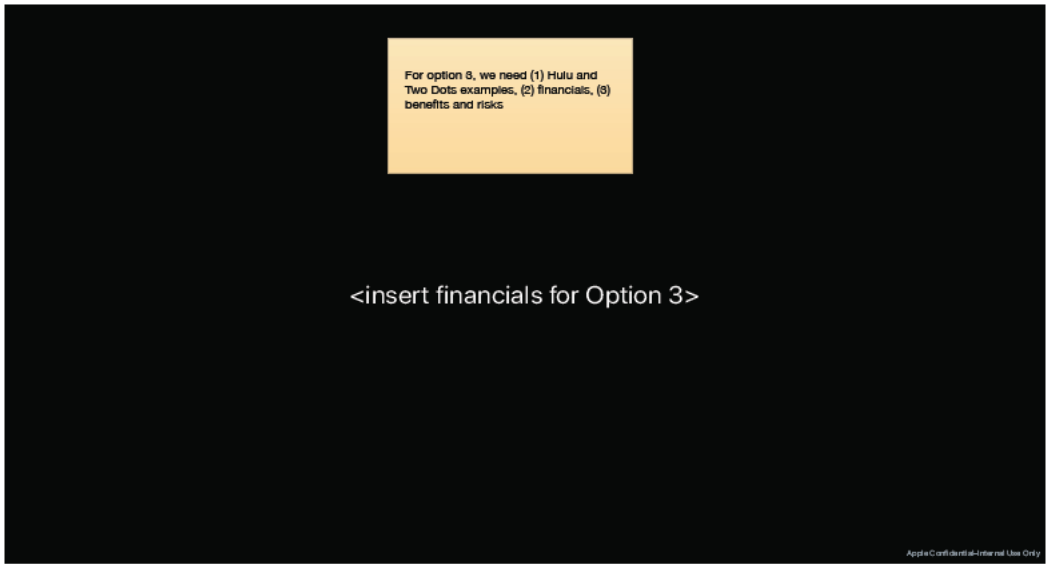


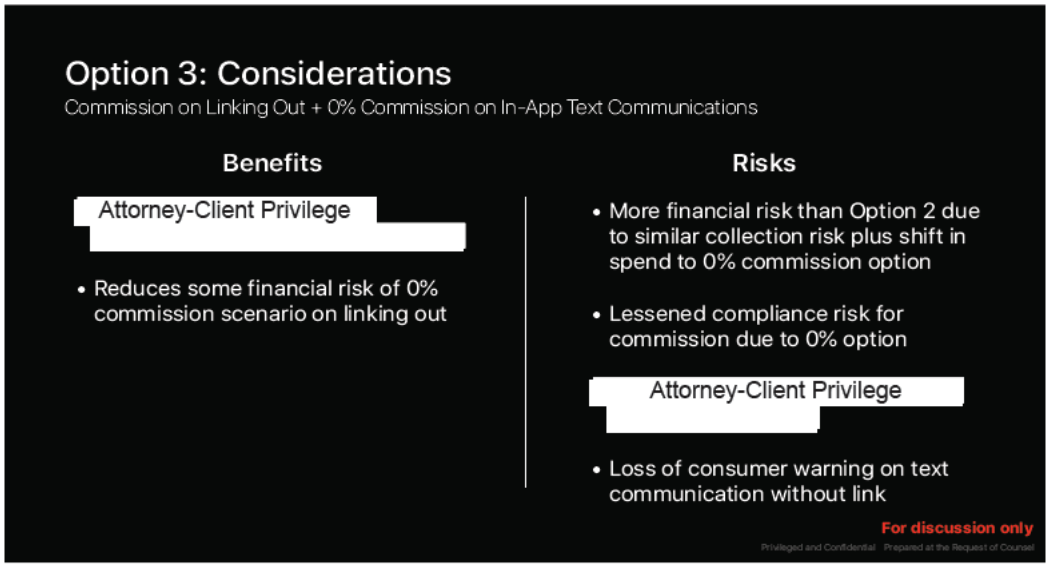
[Nate]
If we decided and had the ability to charge a commission, we believe there would be very little developer adoption of link-out, assuming a scenario where we would give a cost of payments discount at 3%.

We ran the commission option through our developer decisioning model as well but this will likely not make economic sense for the vast majority of developers with the 3% discount. However we know that the model is economic in nature and does not capture softer elements like customer relationship and developers ability to monetize in others way they don't today with a transaction going through linking-out, hence we did a sensitivity.....

We believe based on low developer count adoption and low billings share (top left corner), the revenue impact would be closer to zero, whereas if all developers adopted and there was 50% billings shift (bottom right), the revenue impact would be closer to [redacted] Of course this all assumes we can actually collect the billings going through linking out, which as you can see in yellow, ranges from $[redacted] in the top left to $[redacted] in the bottom right. Any amount that we cannot collect will have a further impact on Apple's Revenue / Profitability.

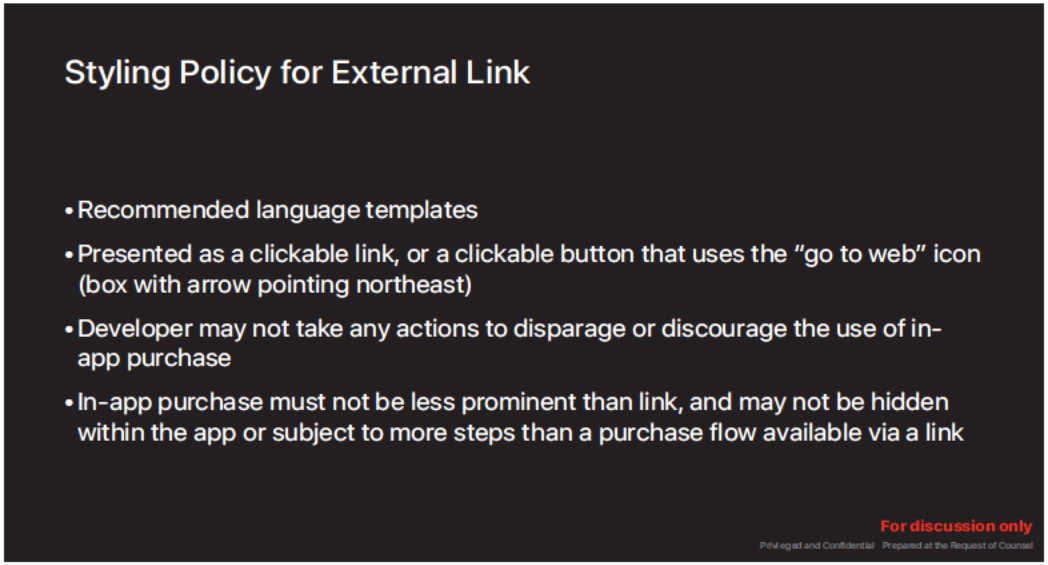
From a margin perspective, the impact is essentially negligible since we don't have cost of payments


For option 3, we need (1) Hulu and Two Dots examples, (2) financials, (3) benefits and risks
<insert financials for Option 3>
Apple Confidential–Internal Use Only



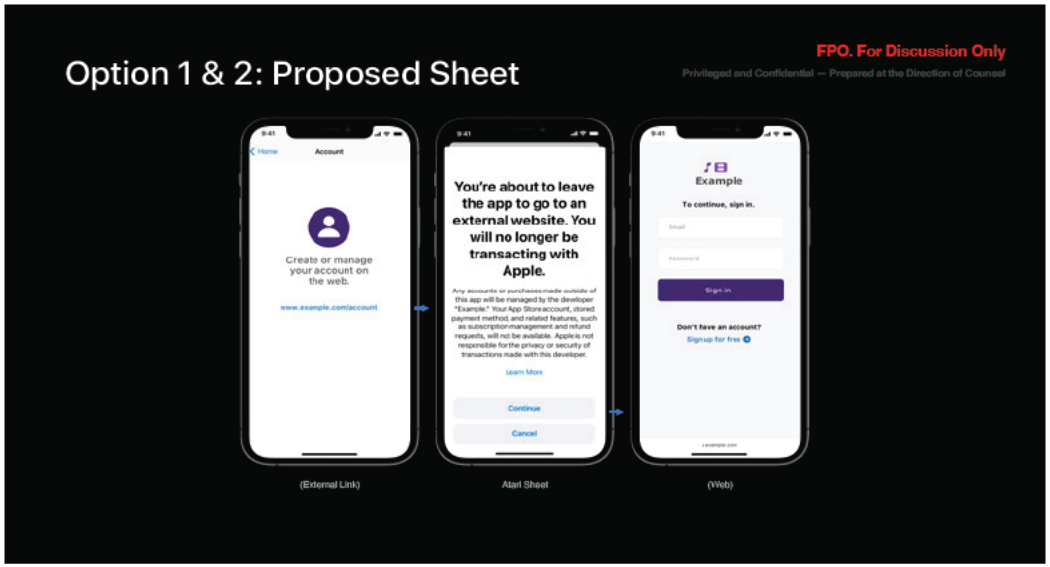
[Sean or Jennifer]

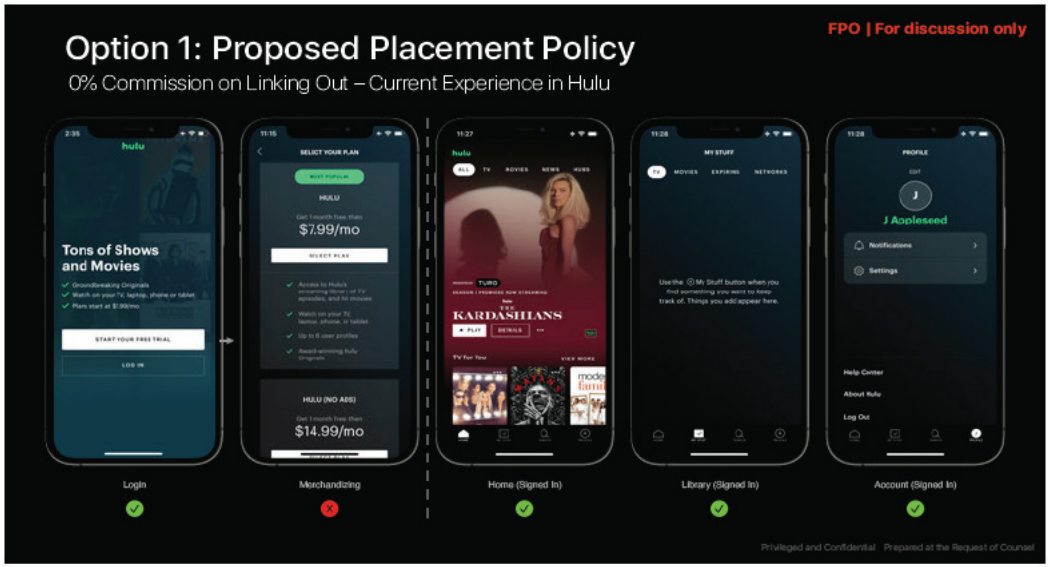

Designs
Apple Confidential Internal Use Only



[Sean] Let's take a look at our proposed policies around UI styling for both options.

Developers would be able to choose from a range of templates governed by these rules...


Option 1 & 2: Proposed Sheet
FPO. For Discussion Only
Privileged and Confidential — Prepared at the Direction of Counsel
Home
Account
Create or manage your account on the web.
www.example.com/account
You're about to leave the app to go to an external website. You will no longer be transacting with Apple.
Learn More
Continue
Cancel
Example
To continue, sign in.
Sign in
Don't have an account?
Sign up for free
(External Link)
Atari Sheet
(Web)



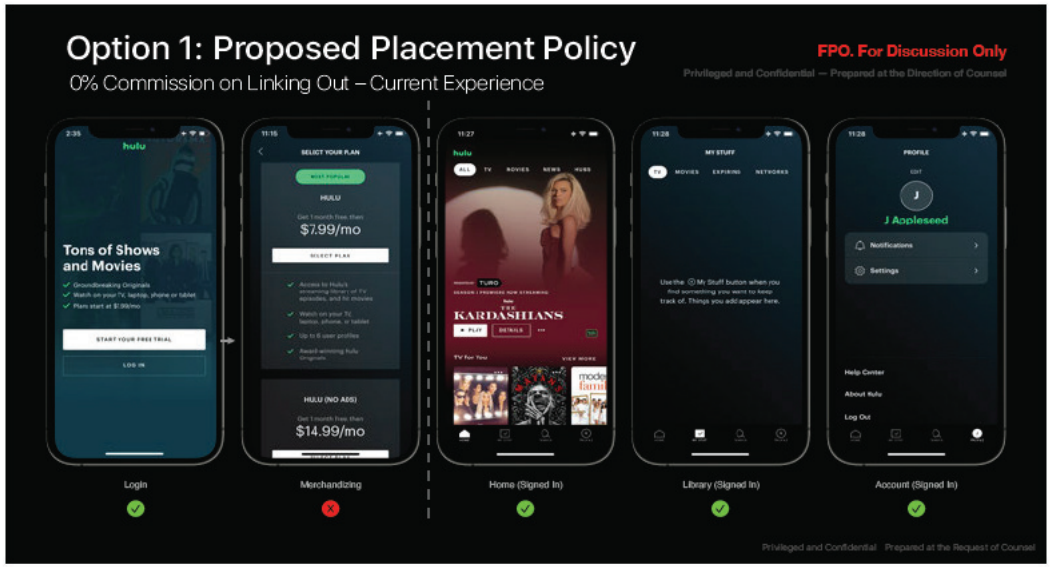
[Sean] Here are examples of where links may be placed if we go with option 1.

Here we are only showing possible placements for the links. We are not showing the links in situation.

If we don't charge a commission, a developer could display one link per page, excluding the page that presents Apple IAP, like the second screen.

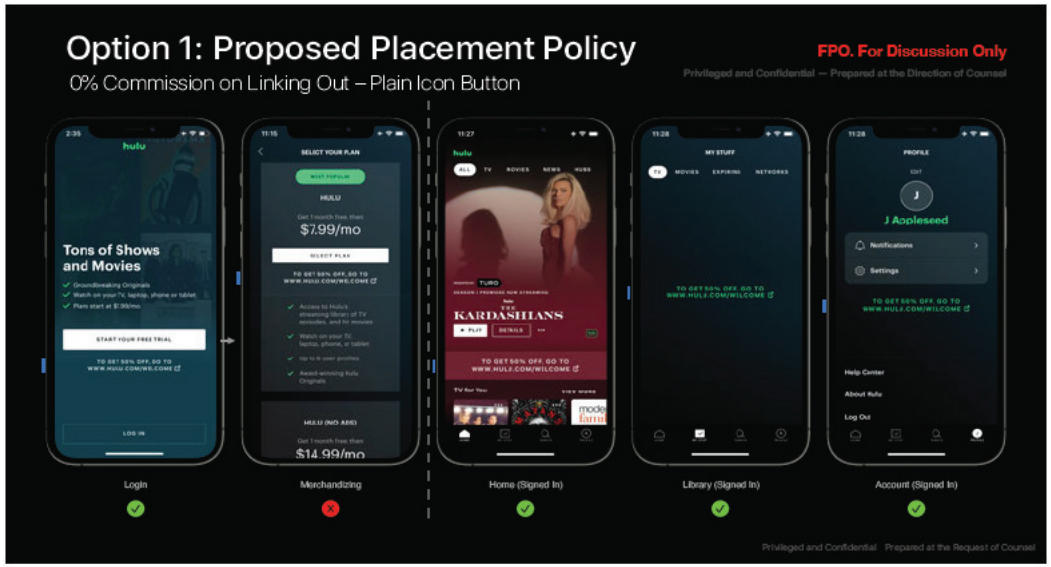
[Sean]
Here's a game example where there is an upsell flow before the in-app shop. Developers would not be able to display the URL on these screens.

Now let's turn to financials.
[Handoff to Nate]



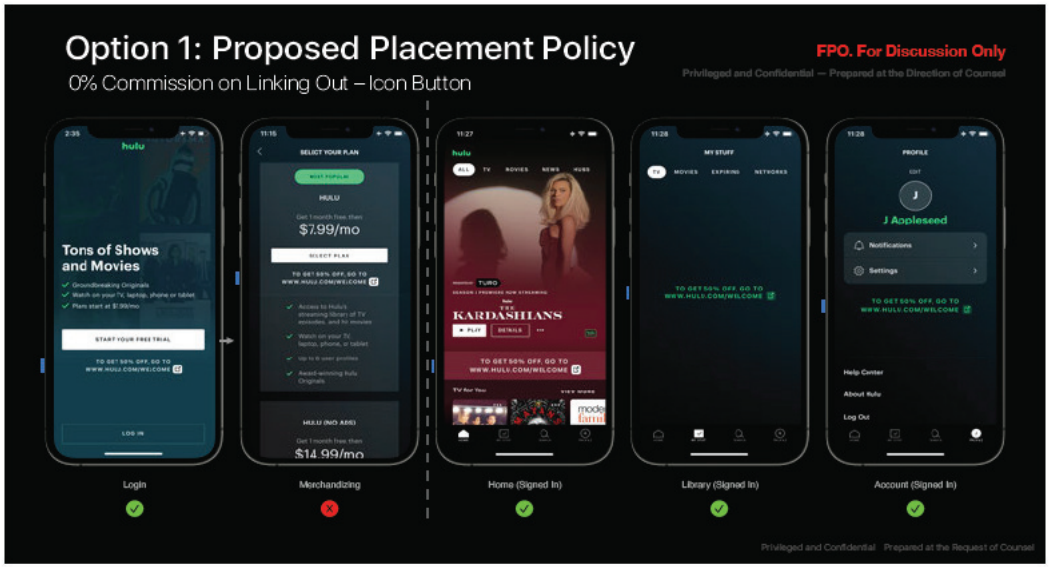
[Sean] Here are examples of how option 1 would look to a user.

If we don't charge a commission, a developer could display one link per page, excluding the page that presents Apple IAP, like the second screen.



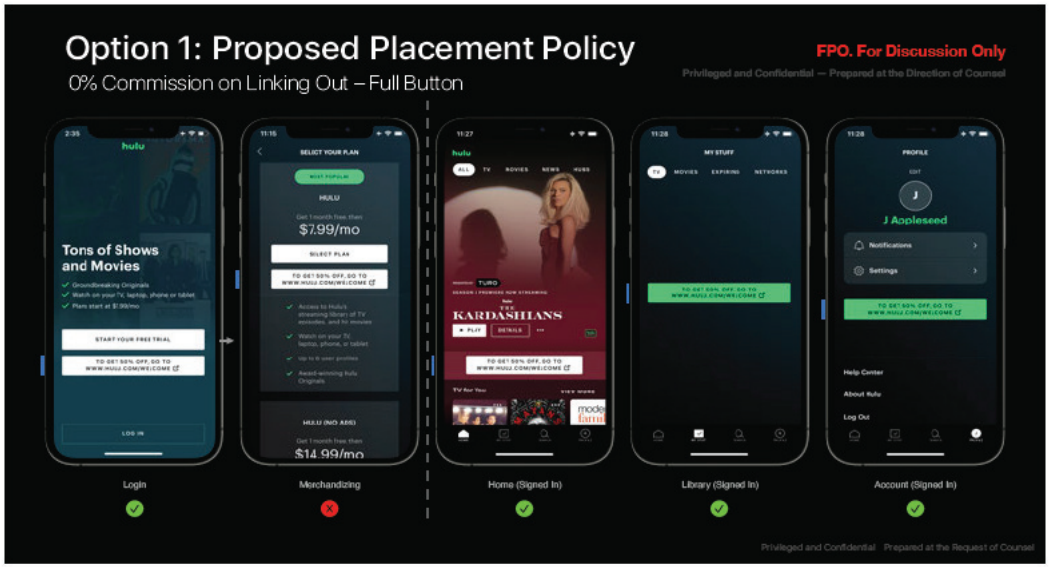
[Sean] Here are examples of how option 1 would look to a user.

If we don't charge a commission, a developer could display one link per page, excluding the page that presents Apple IAP, like the second screen.



[Sean] Here are examples of how option 1 would look to a user.

If we don't charge a commission, a developer could display one link per page, excluding the page that presents Apple IAP, like the second screen.



[Sean] Here are examples of how option 1 would look to a user.

If we don't charge a commission, a developer could display one link per page, excluding the page that presents Apple IAP, like the second screen.

[Sean]
Here's a game example where there is an upsell flow before the in-app shop. Developers would not be able to display the URL on these screens.

Now let's turn to financials.
[Handoff to Nate]

[Sean]
Here's a game example where there is an upsell flow before the in-app shop. Developers would not be able to display the URL on these screens.

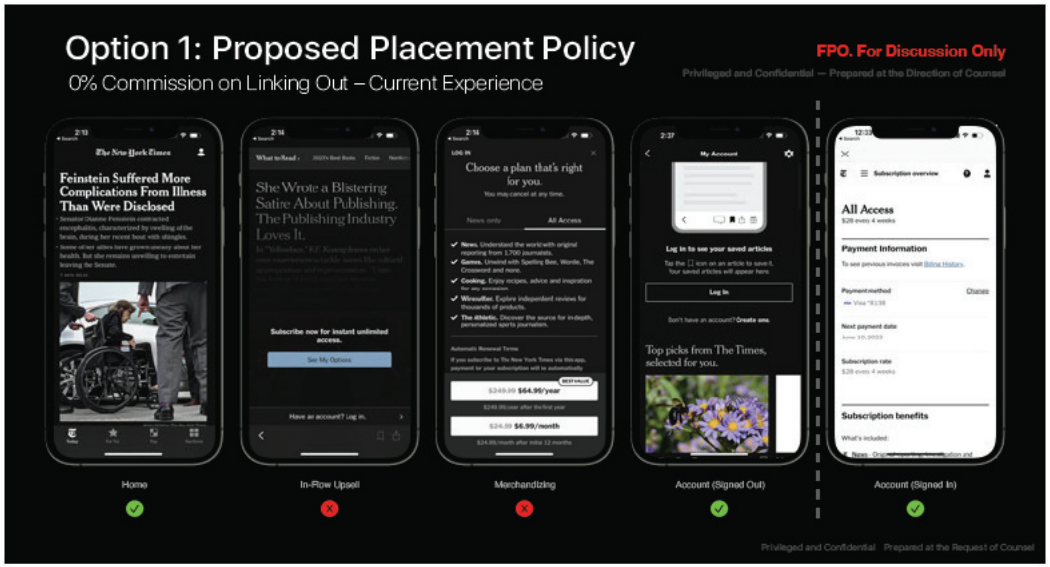
Now let's turn to financials.
[Handoff to Nate]

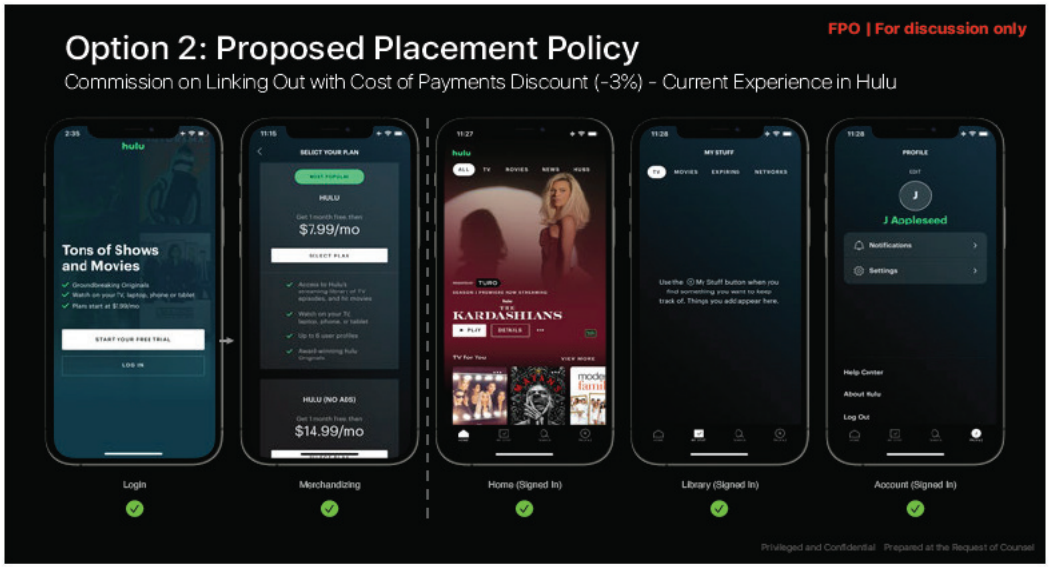
[Sean]
Here's a game example where there is an upsell flow before the in-app shop. Developers would not be able to display the URL on these screens.

Now let's turn to financials.
[Handoff to Nate]

[Sean]
Here's a game example where there is an upsell flow before the in-app shop. Developers would not be able to display the URL on these screens.

Now let's turn to financials.
[Handoff to Nate]


Option 1: Proposed Placement Policy
0% Commission on Linking Out – Current Experience
FPO. For Discussion Only
Privileged and Confidential — Prepared at the Direction of Counsel
Home
In-Flow Upsell
Merchandizing
Account (Signed Out)
Account (Signed In)
Privileged and Confidential Prepared at the Request of Counsel

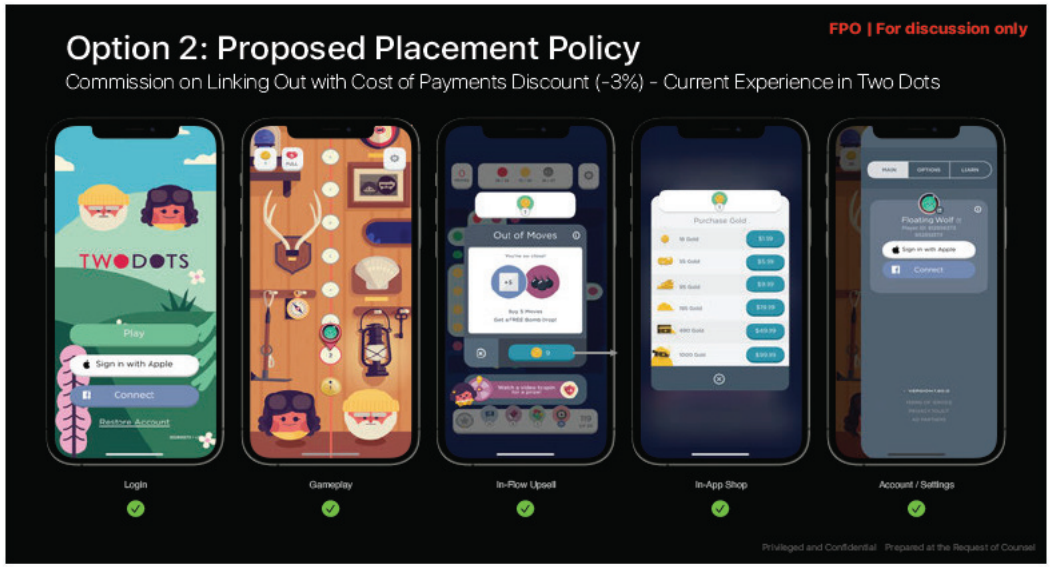


[Sean] Here's are examples where links may be placed if we go with option 2.

Again, we are only showing possible placements for the links. We are not showing the links in situation.

Since we are charging a commission, the link could be placed once per page, including alongside IAP.

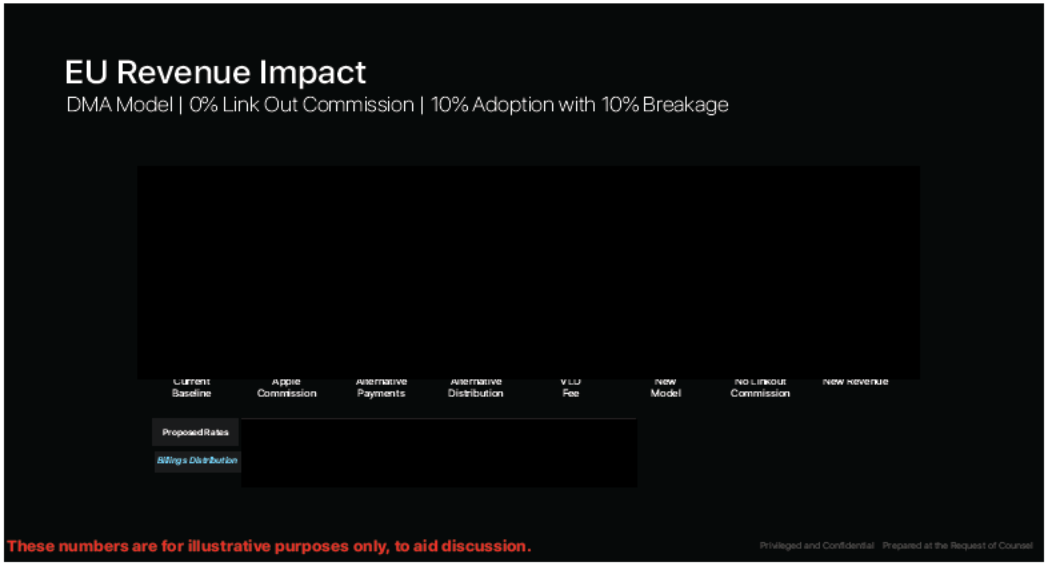
[pause]

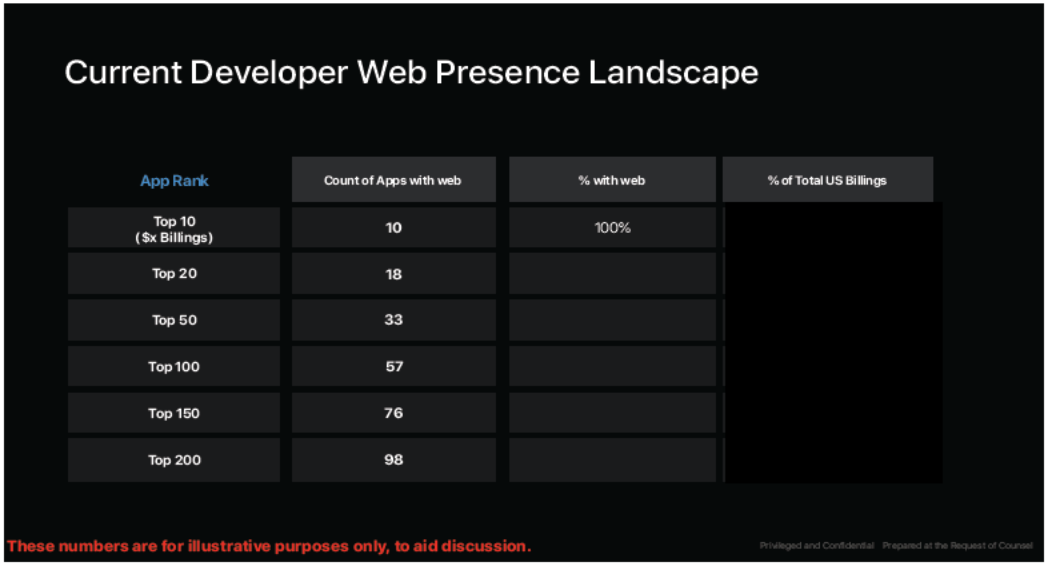


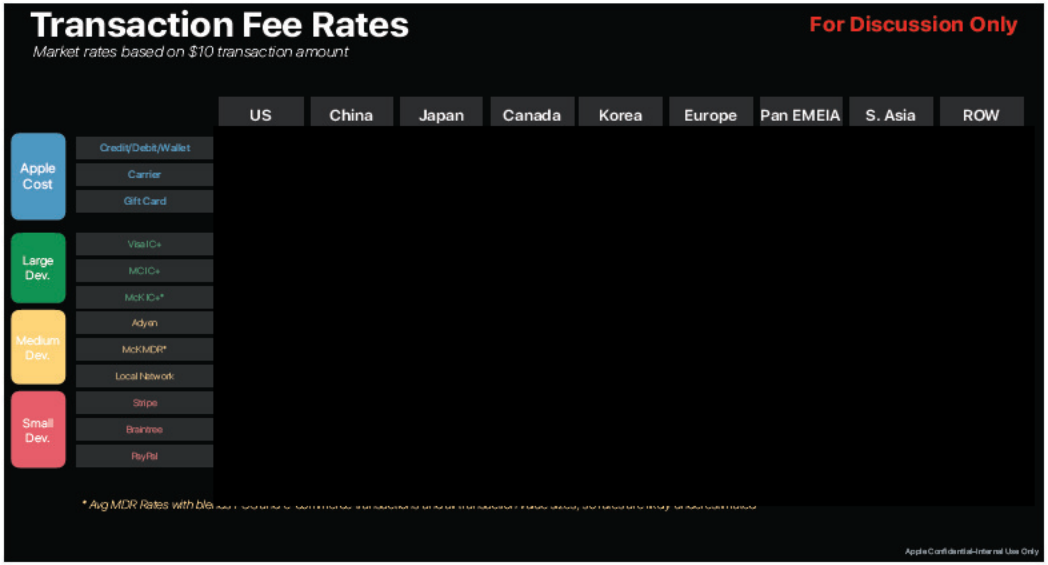
[Sean]
And here's the Two Dots game example.

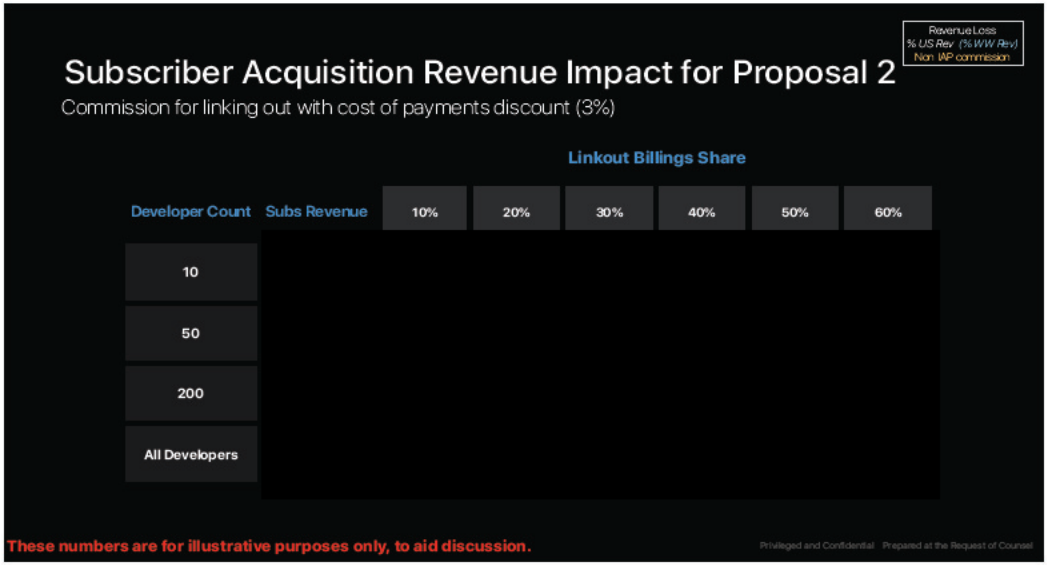
Now let's turn to financials for option 2.
[Handoff to Nate]

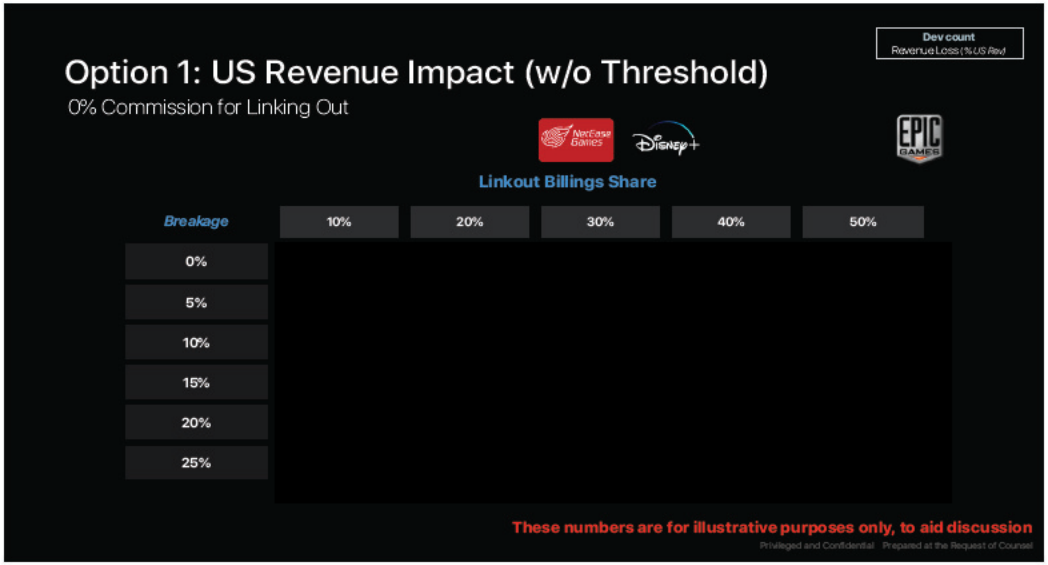

Financials
Apple Confidential Internal Use Only


EU Revenue Impact
DMA Model | 0% Link Out Commission | 10% Adoption with 10% Breakage
Current Baseline
Apple Commission
Alternative Payments
Alternative Distribution
New Model
No Linkout Commission
New Revenue
Proposed Rates
Billings Distribution
These numbers are for illustrative purposes only, to aid discussion.
Privileged and Confidential Prepared at the Request of Counsel

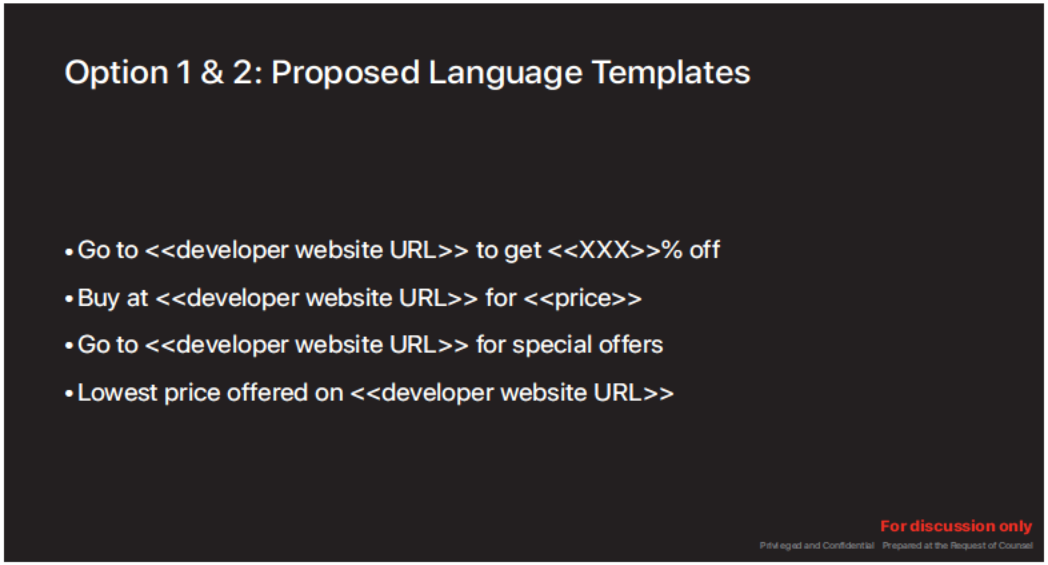

Current Developer Web Presence Landscape
App Rank
Count of Apps with web
% with web
% of Total US Billings
Top 10 ($x Billings)
10
100%
Top 20
18
Top 50
33
Top 100
57
Top 150
76
Top 200
98
These numbers are for illustrative purposes only, to aid discussion.
Privileged and Confidential Prepared at the Request of Counsel


Transaction Fee Rates
Market rates based on $10 transaction amount
For Discussion Only
US
China
Japan
Canada
Korea
Europe
Pan EMEIA
S. Asia
ROW
Apple Cost
Credit/Debit/Wallet
Carrier
Gift Card
Large Dev.
Visa IC+
MC IC+
McK IC+*
Medium Dev.
Adyen
McK MDR*
Local Network
Small Dev.
Stripe
Braintree
PayPal
* Avg MDR Rates with ble
Apple Confidential-Internal Use Only


Revenue Loss
% US Rev (% WW Rev)
Non IAP commission
Subscriber Acquisition Revenue Impact for Proposal 2
Commission for linking out with cost of payments discount (3%)
Linkout Billings Share
Developer Count
Subs Revenue
10%
20%
30%
40%
50%
60%
10
50
200
All Developers
These numbers are for illustrative purposes only, to aid discussion.
Privileged and Confidential Prepared at the Request of Counsel



Total US devs with billings = [redacted] max case ~70% of devs adopt linkout)

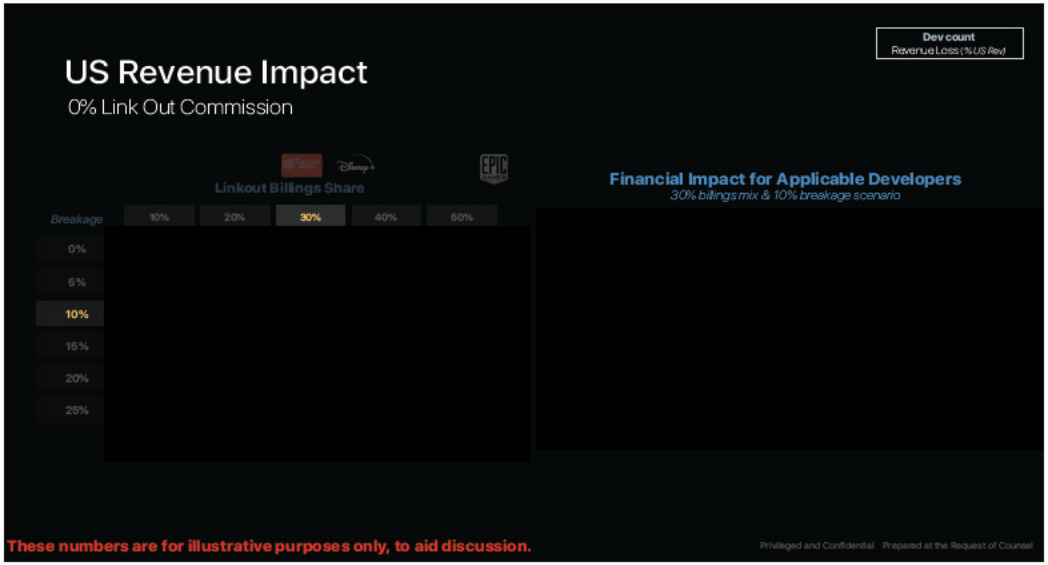


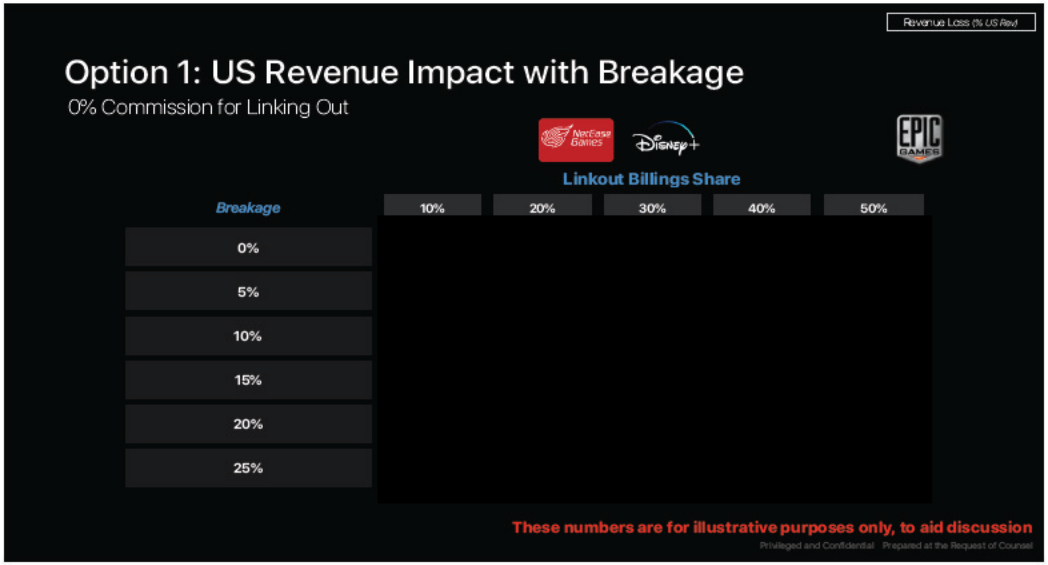
[Sean]

Let's take a look at our proposed policies around language for both options.

Developers would be able to choose from a range...


Dev count
Revenue Loss (% US Rev)
US Revenue Impact
0% Link Out Commission
NetEase Games
Disney+
EPIC GAMES
Linkout Billings Share
Breakage
10%
20%
30%
40%
50%
0%
5%
10%
15%
20%
25%
These numbers are for illustrative purposes only, to aid discussion.
Privileged and Confidential Prepared at the Request of Counsel


Dev count
Revenue Loss (% US Rev)
US Revenue Impact
0% Link Out Commission
Linkout Billings Share
Financial Impact for Applicable Developers
30% billings mix & 10% breakage scenario
Breakage
10%
20%
30%
40%
50%
0%
5%
10%
15%
20%
25%
These numbers are for illustrative purposes only, to aid discussion.
Privileged and Confidential Prepared at the Request of Counsel



We have run various sensitivities through our developer decisioning model to forecast whether or not a developer will adopt linking out.

On the rows, this accounts for the revenue impact if breakage is 0% and all the way up to 25%. Beyond 25%, developers reach a tipping point where they lose more on linking out than they would make sticking with Apple iAP and the higher commission.

For the share of billings linking-out, we are showing sensitivities from 10% to 50%. We don't have great data points on what this will end up being, but we have a situations we've encountered to point to.

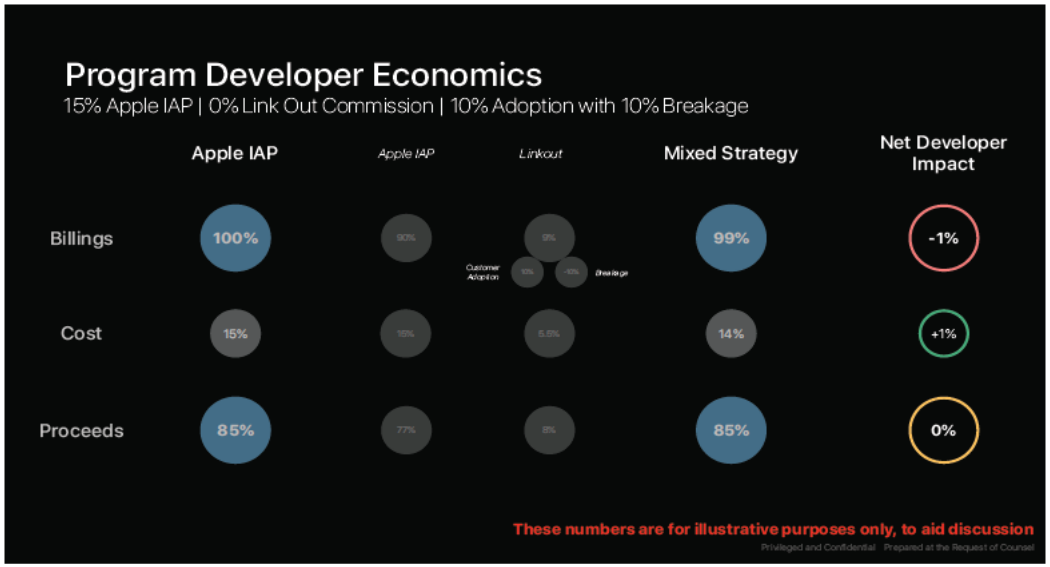
NetEase - has offered discounted pricing offered outside the App Store and has been targeting specific marketing to their high spend customers. Based on the analysis we did with Analytics, we believe about [redacted] of our billings have shifted to their webstore.

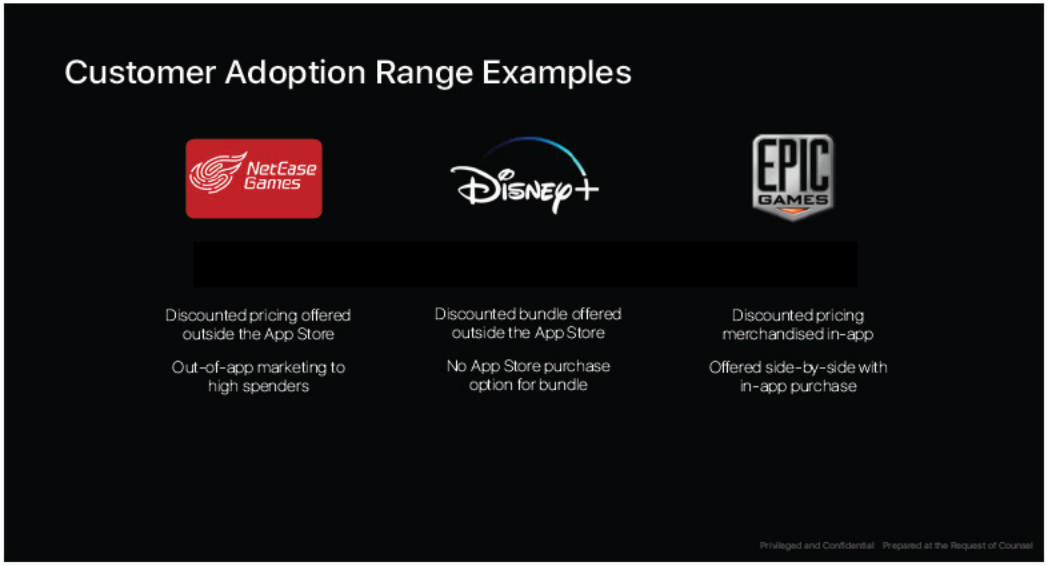
Disney+ - has offered a discounted bundle outside the App Store, with no App Store purchase option for bundle. We believe this has driven about [redacted] of Disney+ billings outside of the App Store.

And in the case for **Epic**, we saw about [redacted] of billings shift for the few weeks when they offered their own payment option and had discounted pricing.

The range of impact on the low end with 25% breakage and 10% billings shift (bottom left corner) is more negligible at [redacted] however on the other end with 0% breakage and 50% billings shift (top right corner), it's closer to [redacted] of U.S. revenue that Apple would lose. A more middle ground scenario of 10% breakage and 30% billings shift would result in [redacted] of revenue loss, nearly [redacted] of our U.S. App Store revenue.

Next, XX will recap the pros and cons of Option 1 with not charging a commission.


Program Developer Economics
15% Apple IAP | 0% Link Out Commission | 10% Adoption with 10% Breakage
Apple IAP
Apple IAP
Linkout
Mixed Strategy
Net Developer Impact
Billings
100%
99%
-1%
Cost
15%
14%
+1%
Proceeds
85%
85%
0%
These numbers are for illustrative purposes only, to aid discussion
Privileged and Confidential Prepared at the Request of Counsel


Customer Adoption Range Examples
NetEase Games
Disney+
EPIC GAMES
Discounted pricing offered outside the App Store
Out-of-app marketing to high spenders
Discounted bundle offered outside the App Store
No App Store purchase option for bundle
Discounted pricing merchandised in-app
Offered side-by-side with in-app purchase
Privileged and Confidential Prepared at the Request of Counsel

Attorney-Client Privilege

Attorney-Client Privilege